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# *The* **CREDIT WORLD**

Official Publication of the National Retail Credit Association

*National in Name---International in Scope*

AUGUST, 1938 — Vol. XXVI, No. 11

## **Boston—"Hub of the Universe"**

Below is shown a view of the business section of Boston—looking across the Public Gardens and historical Boston Common.

The home of the Retail Credit Men's Association of Boston (older than the National), the city also has a splendid Retail Trade Board and The Merchants' Credit Bureau, Inc., now one of the largest and most active bureaus in the country, although only organized in 1930.



**Founded**

**In 1912**

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# The CREDIT WORLD

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# EDITORIAL COMMENT

By L. S. CROWDER



## What Is the Extent of Your Authority?

"MAY I ask you a delicate question? The question is this: Approximately how much influence does a department store's credit manager have in actually determining the policy his store follows in regard to featuring various terms and payments on contract sales?

"Maybe I am all wrong in my own opinion—which I am not giving here—but it seems to me that the question is an important one. If credit managers are chiefly responsible for the terms and payments which are granted, then they are to blame for some of the lousy conditions which exist. If, on the contrary, not the credit man but the general manager is responsible for the condition, then it seems to me your Association should be doing some work on chief executives instead of relying upon the individual credit man to sell his boss the idea. I am wet about lots of things. Maybe this one too. But I would like to get your reaction."

The above is from a letter from Mr. Charles K. MacDermut, Jr., Editor, *Department Store Economist*, New York City.

My answer to Mr. MacDermut will be that Managers of Credit Sales who handle their positions with credit to themselves and with satisfaction to their employers not only carry considerable weight in determining the policies of the stores they represent in connection with terms on contract sales but also in shaping all credit policies and in the absolute management of their departments.

Where the contrary is the rule and the management does not take advantage of the credit manager's knowledge of credit conditions and his opinion (often reached as a result of frequent contacts with fellow credit executives) of the importance of adhering to sound credit policies and terms, then the conditions mentioned in Mr. MacDermut's letter may and *probably* do exist.

To gain the confidence of his employer, the Manager of Credit Sales, if he is to advance, must prove his ability to assume additional responsibilities. If he hesitates to express himself, or if he is not interested in the job ahead, he will not only fail to make progress, but will probably find it difficult to serve his employer in a satisfactory manner in his present position.

Unfortunately, there are many in the credit profession who are inclined to "Yes" the management and to carry out instructions, even though of the opinion (often based on facts) that the best interests of the business call for contrary handling.

In the September, 1934, issue of *The CREDIT WORLD* was published an article, "Eleven Attributes of a Successful Executive," by Mr. Samuel W. Reyburn, then

President of the Associated Dry Goods Corporation of New York (now Chairman of the Board). They follow: 1. Health; 2. Integrity; 3. Intelligence; 4. Industry; 5. Practical Experience; 6. The Inquiring Mind; 7. Judgment; 8. Aptitude for Teaching; 9. Enthusiasm; 10. Capacity for following through; 11. Ability to marshal and coordinate all his knowledge and talents and the courage to put his decisions into action. Based on Mr. Reyburn's eleven attributes of a successful executive, do you qualify?

Most executives admire a straight thinker and one who is not afraid to express himself. If you do not agree with the management when discussing credit policies or any activity of your department, do not hesitate to voice your opinion. If your reasoning is sound, your arguments will be given consideration.

In the past year the columns of *The CREDIT WORLD* carried announcements of promotions of active members of this Association:

George A. Lawo, Secretary-Treasurer and Credit Manager of the John Gerber Company, Memphis, to the position of Vice President and General Manager.

Leo M. Karpeles, Credit Manager, Burger-Phillips Company, Birmingham, to the position of Secretary and Treasurer.

H. E. Wilson, head of the Department of Accounts of Gimbel's, Pittsburgh, continued in that position and was elected a member of the Board of Directors.

Robert Lienhard, Assistant Secretary and Assistant Treasurer of D. H. Holmes Company, Ltd., New Orleans, was made President and General Manager of that company. (Mr. Lienhard was a Director of the National Association from 1920 to 1923.)

An outstanding accomplishment of a former member is the success of Wm. G. Van Schmus, who is now Managing Director of Radio City Music Hall, the largest in the world. He was for many years (prior to 1919) Credit Manager of The May Company, Cleveland, Ohio, and also was a National Director representing that city in 1916-17-18. His is a fine example of what ability, initiative and personality will do.

Retail training, and particularly credit training, qualifies one for important executive positions provided one is *really* a Manager of Credit Sales and not in name only. I should appreciate an answer (*not for publication*) to the following question:

"To what extent are you consulted in the adoption of the credit policies of your company and do you have complete authority for carrying out those policies and in the management of your department?"

# Resolutions Adopted by the Twenty-Sixth Annual Convention

**T**HE Twenty-Sixth Annual Convention (at Pittsburgh, Pa., June 21-24) unanimously adopted twelve resolutions. Those of particular significance to members are published below:

## **Number Four**

**RESOLVED:** That the Legislative Committee be instructed to continue its best efforts to have first class mail reductions made universal instead of for local delivery alone, as at present.

## **Number Five**

**WHEREAS**, although there has been a tendency throughout the country to adopt sound credit policies in connection with installment sales as recommended in the resolution passed at the Silver Jubilee Convention of the National Retail Credit Association in Spokane a year ago, some merchants continue to advertise easy terms and no down payment—it is recognized that such terms contribute to unprofitable competition which is harmful to the consumer as well as the retailer.

**THEREFORE, BE IT RESOLVED**, that this Association again go on record as opposing such policies and recommend to Local and State Associations that members be urged to adopt sound policies and to eliminate competition in terms. In addition it is recommended that a complete credit report on every new applicant for credit be procured from a Credit Bureau and that particular attention be paid to past employment as well as prospects of permanence of present employment.

**BE IT FURTHER RESOLVED**, that a copy of this resolution be published in local newspapers and bulletins of retail merchants' associations, retail credit associations and credit bureaus.

## **Number Eight**

**WHEREAS**, the National Retail Credit Association sponsored a series of bankruptcy amendatory bills in the 73rd, 74th and 75th Congresses, designed to afford the consumer sufficient time with freedom from garnishments to pay his debts from his wages or salaries; and

**WHEREAS**, the Honorable Walter Chandler, Representative in Congress, from Memphis, Tennessee, introduced such bills in the 74th and 75th Congresses, with the endorsement and support of the National Retail Credit Association, and

**WHEREAS**, the general bankruptcy revision Bill, *H. R. 8046* has been passed by Congress and includes Chapter 13, which carries into effect the principles of wage earner amortization incorporated in the bills introduced by Mr. Chandler and supported by the National Retail Credit Association; now, therefore,

**BE IT RESOLVED**, upon motion duly seconded and carried at the annual Convention of the National Retail Credit Association at Pittsburgh, assembled this 24th day of June, 1938, that the Association extend its thanks to Representative Chandler for his assistance and interest in promoting the passage as a part of *H. R. 8046* of Chapter No. 13—a measure which will be of great aid and benefit to the consumer and to the retail credit granter—and

**BE IT RESOLVED**, that a copy of this resolution be sent to Mr. Chandler and be also spread upon the records of this Association.

## **Number Nine**

**WHEREAS**, ten years ago the Department of Commerce of the United States, in cooperation with the National Retail Credit Association, initiated a movement, nation-wide in scope, designed to afford accurate information concerning collection percentages and related developments in the administration of retail credit; and

**WHEREAS**, as a result of such cooperation between the Department of Commerce and the National Retail Credit Association, there has been conducted by the Department of Commerce in cooperation with the Association for the past ten years the National Retail Credit Survey; and

**WHEREAS**, the information collected and furnished by this survey affords sound and reliable guides to the retail credit granters as to credit conditions throughout the United States, now therefore,

**BE IT RESOLVED**, in commemoration of the tenth anniversary of the commencement of the Retail Credit Survey by the Department of Commerce, that the thanks of the National Retail Credit Association, in annual convention assembled at Pittsburgh, this 24th day of June, 1938, be extended to the Department for its interest and aid in the promotion of better credit administration, and

**BE IT FURTHER RESOLVED**, that a copy of this resolution be sent to the Department of Commerce, and be also spread upon the records of this Association.

## **Number Ten**

**WHEREAS**, the American Retail Federation has cooperated with the National Retail Credit Association in promoting the passage through Congress of a wage earner bankruptcy amendment designed to aid the consumer and the retail merchant as a means towards better administration of retail credit; and

**WHEREAS**, the American Retail Federation is further cooperating with the National Retail Credit Association in a movement designed to bring about uniformity in collection laws and procedure throughout the United States; now therefore

**BE IT RESOLVED**, upon motion duly made, seconded and carried, at the National Retail Credit Association in annual convention assembled at Pittsburgh, this 24th day of June, 1938, that the Association extend its thanks to the American Retail Federation, and to its President, Dr. David R. Craig, for cooperating in the campaign culminating in the adoption by Congress of a Wage Earner Bankruptcy Amendment and in making a survey of Collection Laws and Procedure as the basis for inauguration of a movement to insure uniformity in State Collection Laws and procedure; and

**BE IT, THEREFORE, RESOLVED**, that a copy of this resolution be sent to the American Retail Federation, to Dr. Craig, and that it also be spread upon the records of this Association.

# The Business Outlook

By HENRY H. HEIMANN\*

Executive Manager, National Association of Credit Men (Wholesale), New York City

**A** SUBJECT such as I have this morning is one that is difficult to handle without risking the accusation of perhaps putting a political angle to it. That I am not attempting to do. My political views are pretty well known.

I think that if some power would give me the right to name the type of administration we might well have in this country, I would suggest that we have our administrations in cycles of twelve years. I would want four years of Democratic administration, followed by eight years of Republican administration. (Laughter.) I would want four years of Democratic administration because the Democrats have all the ideas, and they can think up enough in four years to keep the Republicans busy for eight. (Applause.)

But, while the Democrats have all the ideas, they are very short in the matter of practical performance. They cannot put their ideas into effect properly, at least not to my satisfaction. The Republicans, on the other hand, are very practical administrators but they seem quite devoid of ideas.

So, I think if we could ordain a cycle of twelve years, we would find we would have about the type of administration we wish.

One other reason why I am very happy to be here, this morning, is because of the very delightful spirit that has existed between your organization and our own. I know that spirit of cooperation has grown in the past few years. I'm sure you appraise your present management highly, but sometimes it is well to look to the outsider for an appraisal.

We, in the National Association of Credit Men, feel that your organization is in very capable hands and we feel that you have made real progress. That is why we are happy at all times, and will continue to be happy, to cooperate with you in every way. After all, our objectives are mutual, and there is no reason why we should not link our efforts in achieving these common objectives.

As to the subject assigned me this morning, it seems rather futile to try to handle that subject, to discuss temporary conditions or what may be ahead for business in the course of the next year when, to my mind, many other problems which transcend in importance the short-range view of business' future, ought to be discussed. These are the problems of business over the longer-range period of time. I think it might be well if we give some thought and consideration, this morning, to the background that has brought about the position that we now face.

First of all, may I say that throughout history the goal

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

of security has always been sought by all people in all countries. I think this is well for the simple reason that the desire to leave the world a little better place in which to live is indeed a most worthy ideal. Recorded history is largely an account of repeated efforts made, century after century, to attain that condition of peace and tranquility and comfort and happiness that we are all seeking to reach. Recorded history, however, also gives a great deal of evidence of the failure to attain that goal, because of misguided programs, because of misguided ambitions and because of false moves made in an effort to attain such a program.

Stress and strain within a nation arise in the midst of economic changes. Transition from an agricultural to an industrial country is such a change. When grazing land gives way to farming land, you have a minor problem, but when agricultural pursuits become secondary to industrial occupations, then a major problem arises in any nation.

And, in the early history of our industrialization movement, unfortunately, the record does not read any too well for business, particularly with respect to its treatment of labor. Only several score years ago, for instance, in England child labor was quite a common practice. Even in our own country, some of our respected statesmen, in arguing for an industrial nation as opposed to an agricultural country, suggested that if we became industrialized we might remove our children from the streets and put them to work in gainful occupations in the factory!

Industrialization brings about rapid development of the urban centers and with it we have social maladjustments, sweatshop conditions, labor abuses, and crowded tenement districts. These aspects confront us in this country now, and have for many years past. Irresponsible labor leaders move in after these conditions have been in existence for a period of time. They portray industry in the role of a Simon Legree.

The history that business has made with respect to treatment of labor, in the early days, is constantly narrated. The working groups never hear that the working hours of the average man have been reduced approximately a third in the half century. Indeed, they continuously have portrayed to them that industry is still of the same mind and purpose that it was in the earlier days.

There is little new or novel in the situation that confronts this country today. There is little new or novel in the apparent *impasse* between government and business. One may go back to the days of Rome, to the days of Carthage, to the days of the flowering commerce in Germany, in France, in England, and find about the same



pattern of development that we have had in this country in recent decades. And I might say, even though it may be a discouraging statement to make, that with all the problems that arose in those countries, business did not always come out on top.

Practically the same problems, I repeat, that face us today, have faced other nations before. You hear a great deal today about the wealth of this country being concentrated in sixty families. In Rome, it was said that two thousand families controlled the destiny of that country. In France, it was charged that the future lay in the hands of two hundred banking families. In Germany, it was maintained that 3 per cent of the people controlled the destiny of that country, and in England, one hundred families were supposed to control the destiny of that great empire.

I am not arguing whether these things are true. I merely present the facts to indicate that the problem we face today is the same problem that has been faced throughout the world's history. And I will admit that even though the concentration of wealth and the concentration of power have sometimes been, as alleged, placed in too few hands, we must be practical enough to recognize that such a condition developed and accumulated over a century and a half, particularly in this country, and that to attempt to overthrow it in the short space of a few years could not help but lead to business chaos such as we have seen.

Not only do you find these statements constantly reiterated, but you can likewise note there is a discouragement today among the youth of our land. Many young folks have the impression that opportunities do not exist today as they did years ago. The reason generally ascribed is that we no longer have the frontier we had a century ago. But those who suggest that limit frontiers to geographic limitations. They do not realize that the frontiers of civilization are not limited by boundaries. They overlook the frontiers of science and industry.

It is my opinion that the youths of today have a better opportunity for the reason that, at least in the earlier days of their experience, they are going to experience the adversity that others seldom met until middle life. And there is nothing quite so conducive to building sound character as certain reasonable measures of adversity.

Primary economics in a condition of this kind are largely overlooked. We seem to go off on a tangent, to try to take the easiest way out when, as a matter of fact, often the only sound way to emerge is the hard way. We are, today, for instance, facing a program of lending and spending. The question arises as to whether or not that will bring about a sound recovery. I do not think there can be any question that it will bring a stimulation to business in the course of the next six months.

I look for business to show an improvement very shortly, to reveal a decided improvement in November and December, and I think holiday trade will be satisfactory under the circumstances. I believe, in other words, that we are on the way out, but I do not believe that we are *soundly* on the way out, for I do not believe that a lending-spending program is a sound foundation on which to build a prosperity.

If eight billions of dollars of lending-spending would not do the job, by what magical influence can we expect

three billions of dollars to do the job? I would have you bear in mind this: that as far as the future is concerned, let me suggest to you that the interest charge for servicing our debt, at the moment, is the equivalent of the debt a few decades ago. No one can underestimate the real effect of a burden of that kind upon business.

Why is it that we did not emerge from the depression on a sound basis? To my mind the answer is quite simple. The durable goods industry did not move forward. The consumers' lines made progress but the durable goods industry did not keep pace.

Basically one of the problems that confronts our country is this: We are a nation that operates under a Constitution that gives the majority of our people the right to decide what program of government they intend to have. Heretofore, for over one hundred and forty years, our government was generally controlled by a minority of our citizens but we have had a democratic form of government nevertheless, because the majority, under the Constitution, always had the right to assert itself.

Now the majority of our people has expressed itself. Any type of program, whether you like it or not, whether it is inflationary or isn't, is constitutionally a democratic type of program if the majority of our people desire it. What is the responsibility, therefore, of those of us who are trying to pattern our policies along economic lines? It is to try to convince this majority that it adopt policies that are not rainbow-chasing policies. Business has the responsibility to translate that to the average man in language he will understand.

*What do I mean by that?* This morning, I am going to try to present to you the type of argument that may be made to the average man.

\* \* \*

When Jim Kelly works he's a bricklayer, but Jim hasn't worked much in the past few years. Fortunately, Jim is a thrifty soul and in days when bricklaying paid good money, he and his wife built up a substantial savings account. They had an idea that they'd get the money together first and then buy themselves a little house for cash—no mortgage.

That's the money Jim and his wife have been relying on for the past few years. The other day Jim went to collect the interest on his diminishing principal at the bank. He came home rather discouraged.

"Seems funny," he observed to Mary, "there's hardly any work for me and not much more for our money. The interest this time is about half of what we used to get."

Jim had said the same to the bank teller but the response was something about "easy money." Jim doesn't understand easy money or what that has to do with the return on his savings account. But he does know that the interest is less, the principal is a lot lower, and that little house is farther away than ever.

Jim's anything but lazy. As a matter of fact, he has been looking all over for steady work. But he hasn't been successful in getting anything except occasional days here and there.

Things looked pretty bright a couple of weeks ago when Mrs. Kelly came home from the neighbor's with the good news that the corner lot on Sycamore and Main was to be sold and a new building erected there. Jim went right over to the prospective purchaser, figuring

that he might find out something about a job. He came home disappointed.

It seems the owner had held the lot for twenty-five years, paying taxes and interest all the time. Recently he had a chance to sell it at a profit but when he and his lawyer figured out how much he would have to pay in income taxes if he made the sale, he decided it would be better to hold off a while longer. First of all, the government would get most of the profit because his twenty-five years of patience would bring him a sum of money that would mean the high income brackets for him. And besides, what would he do with the money that didn't go for taxes? Money certainly wasn't worth much these days. Then too, he had read something about inflation and if we were going to have any be figured that real estate would be his best bet.

So Sycamore and Main is still a vacant lot, the building won't be built, and Jim Kelly is looking elsewhere for a job.

A couple of days later, over at the barber shop, one of Jim's neighbors told him he had heard the metal manufacturing company in town was planning an addition to its plant. Jim laid bricks when the plant owner had put up his new home some years ago. Old Sykes was a very democratic sort and Jim felt sure that he could get in to see him.

"I'm afraid we've had to change our plans," Sykes told Jim, "about putting up that addition to the plant. We had a good year last year, although most of the profit was in inventories. The cash balance was higher, but it had to be. But that undistributed profits tax took your money if you didn't distribute dividends and you certainly needed money if you distributed dividends to avoid paying the tax.

"That's why you didn't get as much on those shares you have, Jim—if you still own the ones you told me about a few years ago. You see, I'd like to keep the dividends sort of stabilized. I don't like to surprise the stockholders this year with a big return and disappoint them next year with practically nothing.

"Before that undistributed profits tax we could have kept enough of the money with which to build our plant addition and still distribute a good portion to the stockholders. Last year we had to keep more than the usual amount on hand because there might be a bad year ahead. And we had to pay a heavier tax because we wanted to play safe."

Jim thanked Mr. Sykes for the visit. He thought he understood this tax business that Mr. Sykes had talked about but it didn't matter, Jim thought, whether he did or not. He still had a little pride left and he hadn't wanted to tell Mr. Sykes that those shares of stock had been sold a long time ago for a lot less than they cost.

But the hopes of the Kellys rose again the next night when Mary came home from a church tea, saying that she had heard an apartment building was going to be built by Mr. Lowry. She said everybody thought the apartments were needed since the only reasonably-priced houses in town were pretty old-fashioned, run-down specimens. Jim hot-footed it over to see Mr. Lowry. But his enthusiasm dropped quickly.

Yes, Mr. Lowry had thought about putting up an apartment building but with some building materials still

high priced and local labor rates right up where they had been ten years ago, the cost of the building would be so much that he'd only get about 3 per cent return, considering that he couldn't expect to charge high rents in the section he was planning to build.

"If the union could only bring down the scale, I think I could get a cut in some of the other costs as well. Then I could see clear to go ahead," Mr. Lowry said.

As Jim walked home he tried to figure up what it would mean. That building would give steady work for about six months to thirty or thirty-five men. Most all of them, like Jim, had only averaged two or three days a week at the union scale for the past few years. Full weeks for the next six months, steady, would be more like the real thing. If the men took a cut in the scale, even as much as 30 per cent, they'd get about one-third more money each week.

It sounded reasonable to Jim and he told Mary about it when he got home.

"There's a union meeting tomorrow night and when I get there, I'm going to suggest we agree on a lower hour rate so that we can get a higher weekly rate."

"Maybe it's a good idea," Mary responded thoughtfully, "but I wonder if you ought not to be careful about how you put it to the boys. Remember Steve Black got a broken jaw when he figured out about the same thing a couple of years ago."

On second thought Jim guessed Mary knew best. To forget about it he went downtown to a political rally. He didn't stay long. The second speaker was talking when Jim got there and it was all about "soaking the rich . . . jar 'em loose from the money bags . . . make those birds who are sittin' down on the money put it to work."

Jim got up and walked out. He'd had his fill recently of promises and threats, of people out of work and business men afraid to invest, and all the other troubles and talk of troubles that he'd heard. He was wondering just who was being soaked. If that speaker meant Mr. Lowry and Mr. Sykes, for example, it was kind of funny that when you aimed to soak them, it looked like Jim Kelly took it on the nose instead.

On the way home he passed the vacant lot where the Kellys had planned to build their home. Maybe he could keep going if he put up a filling station on his land. Taxes weren't very high on it and he had managed to hold on to it during all of the hard years. He figured he ought to be able to borrow money on that security to put up the station. It was a pretty busy neighborhood and if he got enough business to make a little profit it would be better than just sitting around most of the time waiting for a job. Besides, when these part-time jobs came along, he could have his boy substitute at the station.

"I'm sorry, Jim, but I can't accommodate you," the president of his bank told him the next morning when he went in to talk about a loan for the filling station. "You see, we have to keep our money in government bonds these days. We have to keep liquid because things are so uncertain. If conditions were normal I could give you a happier answer but I'm afraid I'll have to say no."

Still Jim wasn't discouraged. He'd heard that the

(Continued on page 26.)

# The Importance of Uniform Installment Terms

By EDGAR I. AMTHOR\*

Director of Accounts, L. Bamberger & Co., Newark, N. J.

I WONDER if any of you ever owned a barrel of apples? I have. When I was a boy in the country, here in Pennsylvania, my father used to buy apples in barrel lots. One of my chores was to take care of those apples. I had to take them all out of the barrel and sort them over. I learned to pick out the really bad ones and throw them away. Then I would select those that were specked, and set them aside to be used first. The rest went back in the barrel for future consideration.

If those specked apples were left in the barrel with the good ones, they would very soon spoil the entire lot. I was early impressed with the importance of this job, and I believe it is "Rule No. 1" in the care of apples. Every farmer knows and follows this rule.

You and I are vitally interested in a barrel of apples right now. It is called "Installment Credit." It is a very valuable barrel of apples and it is full to overflowing and then some. In fact, the barrel won't hold all the apples, and some of them are falling off the pile on top of the barrel and bouncing around the floor.

Mr. Malcolm M. Merriam, Chief of the Installment Credit Unit of the Bureau of Foreign and Domestic Commerce, has figured out the size of our apple barrel. He estimates that installment sales for 1937 were 4,950 million dollars. This is approximately 10 per cent of the total retail sales in this country, and about one-third of the total retail credit sales. For us, the most important feature of Mr. Merriam's report is the statement that this 10 per cent which is composed of installment sales is responsible for one-third of the outstanding department store credit.

In 1929, that year of blessed memory, installment

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

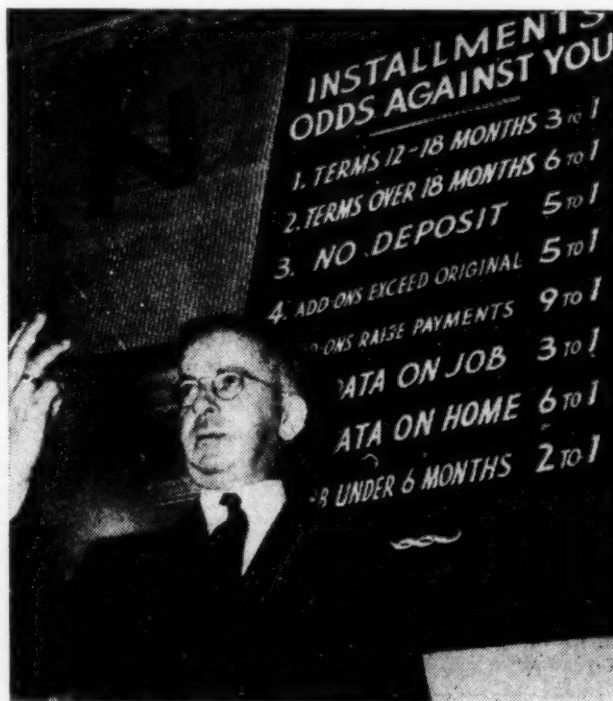
sales were 24 per cent larger than they were last year, but they required 3 per cent less credit, as represented in outstandings. Mr. Merriam very properly said, "An increase in installment sales casts a larger and longer credit shadow into the future than a much greater increase in open account sales."

This is the part of our apple barrel where we must look most carefully for those specked fruits which may contaminate our entire lot. If we assume that the percentage of outstandings to total sales for 1929 is approximately correct and proper, we have today, by that yardstick, outstandings which are about 30 per cent too high for the volume of installment business transacted.

The reason for this condition we all know. Every store owner has a perfectly natural desire to secure as much business as possible. Every sales manager and every manager of a selling department have an equally strong and equally natural desire to increase their sales. We, as credit men, must raise the question today, however, as to the manner in which these sales are being secured, and

as to the desirability of having approximately 2,681 million dollars represented in outstandings on installment sales for 1937.

When we examine more closely into the selling methods and stated terms on installment accounts as set up by many of these store owners and sales managers, we find still greater reason to question the desirability and, indeed, the necessity for a large portion of these outstandings. We find that many sellers gave little, if any, thought to the time when they were to receive final payment. The signing of the contract and the delivery of the merchandise were of prime importance, and the date for the settling of the account was pushed further and further into the hazy and indefinite future.



Associated Press Photo

It became a common matter to find stores selling furniture, electrical appliances and similar merchandise on 36-month terms, and other, more perishable, merchandise on very long terms with exceedingly small monthly payments and equally small deposits. Often no deposit whatever was required. There has been, it is true, a fairly uniform method used in measuring the carrying charge as  $\frac{1}{2}$  of 1 per cent per month for the length of time desired by the customer, and, at one time, this carrying charge was universally paid with the deposit. Today, however, the tendency is to have the carrying charge spread over the life of the account and paid monthly.

It is not my purpose to attempt an analysis of the costs of transacting an installment business as compared with regular monthly accounts or cash sales. This problem has been approached by others in the past, and will be covered by others in some detail this month.

I do want to present to YOU as a matter of considerable interest, however, a "betting book" recently prepared from an analysis of 5,000 installment accounts. This book indicates the odds against the probability of collecting on various types of installment credit sales.

You all know, I presume, that the greater the odds are against a horse in a race, the smaller his chances of winning that race are considered. No owner, who really wanted his horse to win, would send him to the track obviously hobbled. If he did, the odds against him would be like the Federal debt.

For the odds against collecting on Installment Credit Accounts, I am indebted to the Household Finance Corporation and to Dr. Clyde William Phelps of the University of Chattanooga, who wrote "Controlled Installment Credit." Here are the

#### INSTALLMENT ODDS AGAINST YOU

TERMS 12-18 MONTHS	3 to 1
TERMS OVER 18 MONTHS	6 to 1
NO DEPOSIT	5 to 1
ADD-ONS EXCEED ORIGINAL	5 to 1
ADD-ONS RAISE PAYMENT	9 to 1
NO DATA ON JOB	3 to 1
NO DATA ON HOME	6 to 1
ON JOB UNDER 6 MONTHS	2 to 1

All right, gentlemen! Step right up and place your bets! The great Installment Handicap is coming up to the barrier! Get your money down before they're off. No scratches—no entries barred—every horse that entered is running! Write your own odds, gentlemen! No bets refused! Lay it on the line and watch the little doggies run!

You like "No Deposit," brother? That makes the odds 5 to 1. It's your money! Here's a fine long shot—"Over 18 Months." He'll pay you 6 to 1—if he wins. "Under 18 Months" is a nice horse. I have it right from the feed-bag that he's running in form. I'll give you 3 to 1 on him. Anything from a jitney to a grand, gentlemen! Get your money down! No reasonable bet refused—and very few unreasonable ones! How about "Too Much Add-On"? He'll pay you 5 to 1, and he's a popular nag! Take "Increased Payments" for a good long shot. Put your money on this baby's nose and—if he finishes at all—he pays 9 to 1. Think of it, gentlemen! 9 to 1 on this horse. He's wind-broken and slightly

spavined, and he looks like a secondhand clothes-rack, but look at the nice long odds!

Hurry! Hurry! Hurry! Get your money down on "No Job Data." A good horse! 3 to 1 on him! A fine horse. If you want a better price, I can give you "No Residence Data" at 6 to 1. "Job Less Than 6 Months" is going fast at 2 to 1. Place your bets before they start! Anything goes! I'll take a buck or a saw-buck, a deuce or a yard; it's a great gamble for a grand! Hurry! Hurry! Hurry!

Surely none of us will claim that an analysis of 5,000 installment accounts which were written off, is not a good test. Business is not ordinarily regarded as a purely sporting proposition, and I question whether any of you would want to be quoted as saying that the owner of a business was willing to give odds of 5 to 1 that he would not be paid. Nevertheless, those are the odds against him if he does not secure a down payment. Of course, we may say that we would not do anything so foolish as this in our own business, but would we be correct in making such a statement?

I have read many resolutions passed by local and national associations of various kinds, including our own Association, recommending that "competition on credit terms of installment accounts should be stopped." We all remember the conference of small business men that was called in Washington by President Roosevelt not so long ago. This conference, it is true, did not accomplish very much in the way of concrete business reform. Indeed, General Hugh Johnson called them and their mentor, "Snow White and the Seven Hundred Dwarfs." They did, however, pass the following resolution and presented it to the President:

"BE IT RESOLVED THAT terms and down payments should conform with sound business principles.

"THAT such installment financing should be on a basis that will, during the life of the contract, maintain a substantial equity on the part of the customer, in the product being financed, thereby protecting the interest of both the consumer and the dealer."

We know that our own President, J. Gordon Ross, in his very fine article in *The CREDIT WORLD* for this April said:

"The trend today is definitely toward shorter terms on installment sales, and larger down payments. Such a condition is helpful not only from the viewpoint of a merchant, but also from that of the buyer. Both can adjust their conditions in a shorter period of time when a recession occurs.

"Every credit sales manager should encourage and support community credit policies designed to improve the standard of credit business. Competition in terms is deplorable and it does no one any good."

We know that the large finance companies have recently adopted rather rigid regulations severely reducing the former maximum time limits and greatly increasing the former minimum deposit requirements for financing installment purchases.

We know, too, that it is so difficult as to be nearly impossible for any one store, or a minority of stores in a

(Continued on page 27.)

# The Importance of Obtaining A Complete Credit Report

By E. E. PADDON\*

Manager, Credit Sales Department, Lammert Furniture Company,  
Saint Louis



THE question of obtaining a complete credit report is one of ever-increasing importance. The credit office of any institution can only function when it understands that it is a production department, a part of both the advertising and sales activities and, working in conjunction with these producing wings of business, gives the motive power necessary in bringing success and profit to the business.

Departure from usual business procedure has been made by progressive merchants from time to time, with the thought that possibly a new idea or activity would result in more profitable business, and as man began to have more confidence in the honesty of purpose of individuals, retail credit expanded and has become the real modern business builder.

To know one's customer is always a source of profit; to know details that enable one to bring a personal touch to one's business relationship with a customer develops a contact that emphasizes the statement, "My Customer—My Store." Were it possible for the Credit Manager to have personal knowledge of all of his customers, his task would be greatly simplified, but in an average metropolitan city such a thing is impossible. For this reason especially, our subject matter is very apropos. The importance of getting a complete report from the Bureau, or shall we say keeping our Accounts Receivable more liquid cannot be overestimated.

The handling of the average application of an average individual, showing residence and continued employment over a period of years, with financial and trade references indicating promptness on bills is, naturally, a simple problem, but the past eight years have witnessed such a reversal in the business and financial status of such a large percentage of our customers that more and more do I understand that, if I am not to lose business unnecessarily, I must make greater demands on my Credit Bureau, requiring greater services.

I like to think that my Credit Office and the Credit Bureau are one—that is, functioning as one. Such information as I desire regarding the paying habits, responsibility, family connections, et cetera, of any applicant, should come through the Credit Bureau. To short-circuit a part of the investigation (by making it direct) I have always considered unwise, expensive and economically unsound. Just as we train the employees in our Credit Office to handle conditions that are peculiar to our individual type of business, so is the personnel of the Credit Bureau trained to do the things I require and, having its records available, it is in a most enviable posi-

tion to develop full details and safeguard my interests.

The large volume of installment business preceding the 1929 depression has been considered, by many research experts, to have been a contributing factor to the seriousness of the depression which followed. I do not agree with this contention! I believe that installment sales are sound, profitable, and have a far more stabilizing effect on business than open account sales, *if and providing* we have made a proper and thorough investigation of not only the paying habits of the buyer, but his personal quality.

The merchant doing business on open account terms accepts credit upon the basis which established this type of retail credit as sound. But too frequently does the merchant, selling on a collateral basis, erroneously rely upon the resale of the collateral, should default occur. Such values as may be attributable to the collateral are never certain and too often show a shrinkage, changing a possible profit to a positive loss.

Sound installment credit requires not necessarily the soundness of the collateral, but *sufficient personal credit responsibility to make the credit safe*. Merchandise sold under this plan should always be expected to stand the tests of good merchandise.

Let us for the moment consider our percentage of profit and loss on installment accounts. During the years of prosperity our losses are lower while during the years of depression our losses climb to unusually high percentages. I will admit that unemployment during the years of depressions is a factor in increasing such losses, but it is not the main factor. The main cause is attributable to you and to me, for we are more liberal, we claim, during the years of prosperity and we tighten up during the years of depression.

A careful analysis of these losses may surprise you! During periods of depression we more carefully scrutinize our application for credit; we obtain a full and complete credit report; we compare income with known expenses and pledged obligations; but, during the prosperous years we become careless, we disregard the personal responsibility, we fail to see the value of a complete credit report.

So, in the final analysis, we charge off to Profit and Loss during the depression year the credit we have carelessly accepted during the prosperous year, and when the business cycle again changes and we are again enjoying prosperity, the credit we have carefully analyzed proves worthy of our judgment and our losses are low and of little consequence. This same condition is true with our thirty-day charge sales, but to a lesser degree as our dol-

(Continued on page 31.)

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

# The Barometer of Retail Business

## Sales and Collection Trends June, 1938, vs. June, 1937

Compiled by Research Division National Retail  
Credit Association

Arthur H. Hert, Research Director

**C**REDIT sales decreased 8.3 per cent during June, collections 3.9 per cent and total sales 10.2 per cent as compared with June, 1937. These decreases were again the result of unemployment and of factories working only part time for the third consecutive month.

Small increases were noted in 19 cities in credit sales and in 21 cities in total sales. Sixty-one of the seventy cities reported decreases in either collections, credit or total sales while 20 cities reported a decrease in *all three*.

High-lights of the monthly analysis are shown in the tables below:

### High-Lights for June

70 Cities reporting.  
23,975 Retail stores represented.

#### COLLECTIONS

- 56 Cities reported increases.
- 3.9% Was the average decrease for all cities.
- 36.0% Was the greatest decrease (Mount Clemens, Mich.).
- 13 Cities reported increases.
- 8.0% Was the greatest increase (Fond du Lac, Wis.).
- 1 City reported no change (Santa Barbara, Calif.).

#### CREDIT SALES

- 50 Cities reported decreases.
- 8.3% Was the average decrease for all cities.
- 28.3% Was the greatest decrease (Dayton, Ohio).
- 19 Cities reported increases.
- 9.3% Was the greatest increase (Amarillo, Tex.).
- 1 City reported no change (Vancouver, Wash.).

#### TOTAL SALES

- 49 Cities reported decreases.
- 10.2% Was the average decrease for all cities.
- 38.0% Was the greatest decrease (Dayton, Ohio).
- 21 Cities reported increases.
- 8.0% Was the greatest increase (Fort Lauderdale, Fla.).

## A Message to the Members of the Tenth District

By L. L. HARRIS

Credit Manager, Boulton, Ltd., Vancouver, B. C.;  
National Director, Representing District Ten

At the Tenth District Conference held in Portland, Oregon, during the month of May, you elected me as your Director to the National Retail Credit Association. Mr. L. S. Crowder, General Manager-Treasurer, has requested me to give you, in a few words, my ideas and hopes for the future of the District during my term of office.

The Conference held in Portland this year was a signal success with a registration of practically four hundred, which in itself augurs well for the future of the third largest district within the National Association.

However, our membership in the National is far below what it should be, considering benefits to be derived from National Membership.

It is my ambition, with your assistance, to impress upon those who are not already members, the many benefits to be gained through National Membership, and to eventually enroll a large percentage of our membership in the National.

To this end our Secretary, Mr. Thomas Downie, and I are arranging for a one-day conference in Seattle during the month of November, to which all directors and officers of the Tenth District have been invited. We hope from this conference to evolve plans which will assist materially in building District Ten, eventually, into the largest Unit of the National.

I have also been asked my ideas regarding the future of the National Retail Credit Association in Canada. While District Ten only extends east to Calgary, Alberta, which is now quite well organized, I am of the opinion a great deal can be accomplished with the proper cooperation.

I will be happy to assist, in any way possible, those who are interested in Credit work in Central and Eastern Canada, in building up a strong Canadian representation. Just a few days ago I had the pleasure of meeting Mr. Wormersley, the Bureau Manager in Winnipeg, Manitoba, who kindly invited me to that city and I hope to be able to accept his invitation at an early date.

We are honored by having in New Westminster, B. C., the President of the Credit Women's Breakfast Clubs of District Ten, and it will be my great pleasure to cooperate with Mrs. Follis in this increasingly important part of our credit work. The very successful convention of the Credit Women's Breakfast Clubs held in Portland made us realize what valuable assistance we are receiving from this organization and we should give them our whole-hearted cooperation.

It is my hope to be able to visit every association within the district during my term of office, and I earnestly solicit your fullest support in carrying out our plans for the success of District Ten. Mr. Grant C. Braman, your former director of this district and now Director-at-Large, and the Past President of the National Retail Credit Association, Mr. "Ned" Barnes, have done invaluable work and I particularly appeal to them for their assistance and advice in our efforts to make District Ten one in which the highest standards of credit may be found.



L. L. Harris

# Cooperation and the Seven Dwarfs

By MISS AVADANA COCHRAN\*

Manager, Kitsap County Credit Bureau, Inc., Bremerton, Wash.; Retiring President, Credit Women's Breakfast Clubs of North America



WALT DISNEY has given us a new medium through which to enjoy the age-old fairy tale of beautiful little Snow White and the Seven Dwarfs. He has visualized for us the adorable little animals and the cooperative little dwarfs who, through their combined efforts and friendliness, made possible the appropriate ending, where, after many hardships and heartaches, Prince Charming awakens his sleeping Princess with a kiss, and all live happily ever after.

In our profession, the field of credit and collection, we shall call our fairy Princess "Cooperation," and the seven dwarfs: "Doc" will be *education*; "Happy" symbolized by *friendliness*; "Sleepy" could be *inertia*; "Grumpy," *intolerance*; "Dopey," *misunderstanding*; "Sneezy," *selfishness*; and "Bashful," *reticence*.

There I shall drop my simile, because after all I am not going to talk to you in terms of fairy stories, but indeed of realities—about cooperation, the keystone of our profession, and of one group, whose purpose it is to promote cooperation among members of our profession, both men and women. I have reference to the Credit Women's Breakfast Clubs of North America, a division of the National Retail Credit Association.

Eight years ago, Edith Shaw Johnson of Portland, Oregon, had a dream—a vision. She explained it to a group of fellow credit workers, and soon that dream became a reality—the Portland Credit Women's Breakfast Club. Other cities in the Pacific Northwest followed suit until a half-dozen Breakfast Clubs began to cast their magic spell over hundreds of women and girls working in the credit offices and credit bureaus within the Tenth District.

These clubs at first did little to encourage other cities to follow their example, for they were experimenting with an idea, proving to themselves that enthusiasm was genuine and lasting, and membership constant through the years. They were not alone in their watchfulness—the eyes of the credit profession in this section were upon them. Frankly, many were skeptical of the outcome, and many believed it but a passing fancy.

But from within these half-dozen clubs, in as many cities, we saw develop between these young women a kind of cooperation heretofore unknown among the profession. We saw these Breakfast Clubbers develop initiative; watched misunderstanding disappear; saw them become more tolerant of each other's point of view, become more appreciative of the work their local Credit Bureaus were doing; show infinitely more interest in their work; become more efficient in their positions—and, through it all, a catching spirit of friendliness prevailed

which seemed to enthuse all who came in contact with them.

These pioneer clubs were wise in not attempting to set up too-extensive programs for themselves these first few years. They realized time was needed to prove the wisdom of their move and measure their success, and so they devoted their time to perfecting their own clubs, and while so doing they found comfort and happiness in realizing that life was made up, not of great sacrifices or duties, but of little things, in which smiles and kindnesses and small obligations given habitually are what win and inspire the heart. They discovered that the secret of happiness is not in doing what one likes, but in liking what one has to do.

Having experimented for four years in individual clubs, and overcome numerous operative problems, they felt that the time was right to take another step forward. They believed that they should get together and provide a central body whose duty it would be to coordinate the work of their separate clubs in order that they might progress along similar lines, and in order to handle the many inquiries that were being addressed to them on how to organize a breakfast club.

They still thought, however, much in terms of the group of clubs within their own district. With this in mind they met in Tacoma, Washington, five years ago and created the Pacific Northwest Council of Credit Women's Breakfast Clubs. This council has been meeting annually at the same time and place as the men's Tenth District conference, and has been responsible for interesting breakfast clubs to organize now, in most of the states of the United States and many of the provinces of Canada.

Again problems of operation began to present themselves. At the end of the sixth year there were 61 clubs organized in far-distant sections of the United States and Canada. In order to best carry on the extension work, the need of an international organization was felt, because problems of operation were not always the same, and the cost of distributing organization data increased to the point where it could not longer be borne by any one group, but would have to be shared by all clubs jointly. But most important of all, the Tenth District realized that it needed the counsel and advice of the clubs outside its district, and believed it would be of tremendous advantage to all if representatives of these 61 clubs could get together annually to exchange ideas and ideals.

So it was that they sent out their call to organize last June which was responded to by clubs located in the four corners of the continent. At that meeting a Constitution and By-laws were adopted, officers elected, committees appointed, and a new *International* actually started

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

to function. Again progress was somewhat retarded. Because we are human, errors have been made, but for the most part wheels have been put into motion, and it is fast gaining momentum. At the end of the first year of operating as an International, 90 clubs have been organized, and as many more cities are seriously considering forming a Breakfast Club.

How appropriate it was that our first organization meeting should have taken place in Spokane, Washington—the birthplace of the already famous National Retail Credit Association. We hope that the members of that Association will have occasion to look back upon the organization of our Credit Women's Breakfast Clubs of North America, and feel that it was truly a most worthwhile and appropriate celebration of their *Silver Jubilee*.

At the same time that our organization meeting was taking place in Spokane, the National Retail Credit Association was in session there in their Twenty-Fifth Annual Convention. From the floor of their Convention a resolution was proposed and unanimously adopted, according official recognition which made our new International women's group an affiliated part of their Association. Part of that resolution was most significant for it pledged to us the support of their entire membership. It read: "Be it resolved: that the National Retail Credit Association in all branches of its activities shall lend its cooperation and active assistance to the Credit Women's Breakfast Clubs of North America in the attainment of its ambitions, in the development of additional units of its organization, in obtaining a broader membership, and in realizing the accomplishment of its lofty ideals and objectives."

By that resolution the N. R. C. A. gave us their unqualified support. By its adoption they gave us the tremendous advantage of becoming an affiliated part of their well-established Association, bringing to us recognition and prestige. They gave us the right to meet with them and participate in their educational programs, both district and National. In accepting all this we, of necessity, assumed a great responsibility. To assure ourselves of always having officers familiar with the work the N. R. C. A. is doing, and so that our clubs at all times will remain in sympathy with the ideals and purposes of that Association, we have required that the President of our individual clubs be employed by a firm holding N. R. C. A. membership; we have required that the President of each of our 13 districts be so employed, and that all International officers meet this requirement, or, if they are not so employed, that they take out individual membership in the National Retail Credit Association.

The Objects and Purposes of the N. R. C. A. are briefly: To create fraternal feeling among members and all persons engaged in credit granting; to unite for mutual benefit, protection, and improvement of credit granting conditions; to collect and distribute information, educational in its nature; to coordinate the methods of consumer credit granting, and to promote cooperation between all consumer credit grantors.

The Objects and Purposes of the Credit Women's Breakfast Clubs of North America are: To develop a closer contact among credit women; to maintain a friendly relationship between the credit departments of the various firms represented and the local credit bureaus; to

stimulate education in the practice and procedure of credits, and to foster the aims and ideals of the National Retail Credit Association.

As you see there is no conflict in the objects or purposes of either organization. We of the C. W. B. C. of N. A. seek only ways and means of bringing them before a larger group of credit workers. Membership in the N. R. C. A., although not limited to such, usually represents store owners, credit managers and their immediate assistants, bureau managers, and collection service managers. This tends to limit active membership in any one firm to from one to four members, while membership in C. W. B. C. of N. A. takes in ALL women working in the credit bureaus, or under the credit or collection managers of retail firms or professional men. Where membership in the one would be confined to from one to four, membership in the other might include as many as 25 or 30 from one firm alone.

We hope through education to teach the priceless advantage of cooperation between retailers and their credit bureaus. We hope through study to learn the technique of sound credit and collection methods, and the advantage to consumer, retailer, and the community, of advocating the payment of bills promptly when due.

We try to teach this not through educational courses alone, but by creating good will and good fellowship and friendliness within our membership and within our profession. We try to live our doctrine and to display such qualities as tact, initiative, self-sacrifice and service in our daily lives.

One of the priceless advantages of our Breakfast Clubs has been the strong and lasting friendships that have sprung up within our clubs. Perhaps the most conspicuous accomplishment thus far attained, is the living spirit of friendliness that has been created within our clubs and between clubs. Indeed if we do nothing more than spread this feeling of friendliness and good will it shall be enough to justify our existence. The whole world today shows lack of understanding and friendliness.

What is needed is a greater feeling of companionship, a concurrent effort on the part of all to overcome human selfishness and rapacity. If in our small way we can, by example and practice, further unite the credit workers of our separate states and the provinces of our neighbors from across the International border, into a fraternity of "friends," banded together, neither for material gain nor personal advantage, but merely to create good will, good fellowship, and secure cooperation, we should have established cause for your interest and support.

This spirit of friendliness is felt now wherever a Breakfast Club has been operating. Let me quote from a few of the letters which came to me entirely unsolicited this past year. Quoting Jennie Connolly, President of the Credit Women's Breakfast Club of New York City:

"Our Welfare Committee has had an opportunity to function during the past month and we feel that we have brought a great deal of happiness to one of our members who has been ill in the hospital. . . . The spirit of our members in this case has been remarkable, and the member has told us that if it had not been for the Breakfast Club her time in the hospital would have been very lonesome.

"We all feel that the Breakfast Club has done a great

deal for each and every one of us in the formation of friendships which would not have otherwise been made." This letter indicates to me happiness as a fact, not as something yet to be attained. Indeed, half the world seems on the wrong trail in the pursuit of happiness. They think it consists in having and getting, and in being served by others, while in reality it consists of giving and in serving others.

Helen Ray, who is the President of the Credit Women's Breakfast Club of Kansas City, Mo., writing of the progress and enthusiasm being shown in District Seven, says:

"We are getting along splendidly in our Breakfast Club; so much enthusiasm is being registered among our girls that I cannot help but feel I would like to let you know of our success. . . . You cannot imagine how popular these clubs are becoming in this part of the country."

Ruth Coates, President of the Credit Women's Club of Miami, Florida, tells of the benefits she has experienced since she became a member of her club, and says:

"I have gained much through my association with fellow credit workers during the past two and a half years as a member of our club. This includes many new friends as well as information to help me in my work."

A letter from Ruth Standing, the President of the Credit Women's Breakfast Club of Salt Lake City, Utah, not only tells of the satisfaction she has had because of her activity in her local Breakfast Club, but how much she enjoyed meeting fellow Breakfast Clubbers from all over the country at our Annual meeting in Spokane last June; her letter reads:

"We have had a lot of fun since we organized in May, 1937, and I was thrilled to be in Spokane at the Convention. It will always be a bright spot to me because I met so many fine girls and had such a grand time. I hope to be able to organize other groups that are as enthusiastic as our Salt Lake City club, for it is so immensely worthwhile and satisfying."

Julia Garrison, President of the St. Louis, Mo., Credit Women's Breakfast Club, expresses her deep appreciation for the splendid cooperation their club has had from the National Officers, and Mr. Kruse, the Manager of their Credit Bureau; she says:

"... the address before the N. R. C. A. convention in Omaha last year made us realize the benefits and advantages that a Breakfast Club would furnish, a need that was really worthwhile in bringing women together who are interested in the same line of work. . . . Mr. Crowder, Mr. Hert, and our local bureau manager have given us loyal support, and the girls are most enthusiastic and appreciative."

Frank Caldwell, Secretary of the Associated Credit Bureaus of America, always a loyal Breakfast Club booster, published in the *Service Bulletin*, which goes to all 1,200 affiliated credit bureau managers, the reprint of an article written by one bureau manager when soliciting the support of his members in sponsoring a Breakfast Club in his community; it reads:

"Your secretary is sponsoring the organization of a Credit Women's Breakfast Club. We feel sure that we will have the support and endorsement of every one of you who are interested in promoting sounder business and credit policies in our own community and throughout the

nation. We believe that you as an employer will derive a direct benefit from having the girls and women of your organization who have any connection whatsoever with your bookkeeping or credit departments, affiliate with this club.

"It has been found by business men in communities having these clubs that, 'The *camaraderie* established by personal contact between the great majority of women members in the various credit offices in the community, promotes harmonious cooperation to an extent which is of incomparable value. The individual Breakfast Club members show an interest in their line of business which was never in evidence before and, in a great many cases, those who lacked ambition in the past, except to do the work placed before them from opening time to closing time, and draw their pay therefor on pay day, now take an intelligent interest in all credit problems. Likewise, they show a tremendous keenness to be able to acquit themselves worthily in any company and speak intelligently in public if occasion arises, and educate themselves in credit matters. More important still, they strive to educate the credit-seeking public along right lines.'"

In other words, these quotations show that the Breakfast Club idea *is* spreading, that these clubs *are* accomplishing the purposes for which they were organized, that they are being appreciated and sponsored, and soon we hope to attain our ambition, which is to see that a Breakfast Club is organized in every city represented by the N. R. C. A. Although this goal seems very far away when you think that only approximately 90 clubs have thus far become organized, in reality the great majority of credit and bureau managers are now familiar with what we are doing and are thoroughly in accord with the Breakfast Club idea. Time alone is needed to see our ambition realized.

We Breakfast Clubbers have FAITH, VISION and COURAGE—qualities so essential to the success of any undertaking. We feel definitely that we have discovered a way to be of service in the field of our profession. We dare dream that if we *live* our ideals we can assist in bringing about a better kind of cooperation. To this end we are constantly striving to be more cheerful and friendly in performing our daily tasks. We are learning, through self-education, more about the methods of credit and collection procedure which *you* advocate.

We have found, by taking an active part in Breakfast Club activities, that we can overcome inertia, dissipate misunderstanding and doubt, learn self-confidence and self-control. We find that to be successful Breakfast Clubbers we are constantly called upon to practice tolerance, learn patience, and overcome selfishness. For, the gift of making friends involves many things, but above all, the power of going out of one's self, and appreciating whatever is noble and worthy in another.

It was Thackeray who said: "Under the magnetism of friendship the modest man becomes bold, the shy confident, the lazy active, or the impetuous, prudent and peaceful." We have taken years to prove to ourselves that these things are true. Now we want YOU to help us carry on to our goal. We want YOU to join with us in spreading friendliness and good will.



# A Realistic View Of Business Conditions

By HON. RICHARD C. PATTERSON, JR.\*  
Assistant Secretary of Commerce, Washington, D. C.

IT IS indeed a pleasure for me to have the opportunity of becoming acquainted with the members of the National Retail Credit Association. Although a newcomer to the Department of Commerce, I am fully aware of the cordial relationship which has marked the cooperation between your Association and the Department. Your gracious hospitality this morning indicates to me that we share a mutual desire to continue on this same basis in our joint efforts to serve business more effectively.

As a business man I knew before going to Washington that your organization has pioneered in the field of credit research. Due largely to your foresight, the Department ten years ago initiated a statistical program designed to show the changes in volume of retail credit. Today we find this information invaluable in our study of major factors affecting the national economy.

Viewing business conditions realistically, there can be no doubt that the relationship between Government and business is now a matter of vital importance. The fears and uncertainties expressed by business executives concerning future developments in this field have become artificial barriers in the path of recovery. *Why artificial?* Because they are largely man-made; because they are frequently emotional rather than logical; because they are based on speculation of what may happen in the future rather than what is happening in the present.

Let us discuss briefly the fundamentals of this problem. There is one great principle to which I am sure most of us will subscribe. This principle is not, as some would have us believe, that in a democracy such as ours it is the proper function of Government to try to supersede the judgments of the free, competitive private markets with its own judgments. This principle is not, as some have said, that the proper function of the Government is to fix prices or to control production. The principle which we affirm is that the proper function of democratic Government is rather to preserve the conditions under which markets can operate fairly and freely—by preventing fraud, by outlawing any and all kinds of manipulation, and by preserving genuinely competitive conditions.

That has been the historic mission of our Federal Government. Congress followed this policy when it gave us the Federal Trade Commission, when it enacted the Clayton Anti-Trust Act, and when it enacted the Securities and Exchange Act. That is what the present Administra-

tion has meant when, time and time again, it has dedicated itself to the preservation of the American system of individual initiative and free enterprise.

Our primary concern has been to see our system of free, private enterprise work, and that is the primary concern of most business men today. None of us can deny that our economic system has not worked smoothly over long periods of time in the past.

There used to be many people, particularly in the business world, who believed that twentieth-century business could thrive under a *laissez-faire*, do-nothing Government. But very few who have survived the great depression can seriously put their faith today in *laissez faire*.

There may be a few people who have become so disillusioned by the failure of our economic system to provide security and business stability that they want to tear down the temple of free enterprise and try new gods. But the great bulk of our people, and certainly the overwhelming majority of business men, look to Government not to stand by and let private enterprise destroy itself, but to act affirmatively so that private enterprise can function. The great majority of us are traditionalists, middle-of-the-roaders who want to reform to preserve. We want to preserve from self-destruction the essential ingredients of our traditional system of private enterprise.

It is natural that men should differ as to what Government action and what Government policies may be necessary to preserve those essential ingredients of our traditional system. But if we are realistic, we must not, like drowning men, maddened with fear, fight to beat back every effort of those who are working day and night to save our traditional structure.

We are concerned with finding ways and means of increasing the volume of business and thereby enabling industry to advance on a more even keel and to absorb a large part of the unemployed. Some of us may entertain differences as to the ways and means which are employed. We may vigorously oppose some of these ways and means, but we certainly cannot find fault with the ultimate objectives.

Governmental regulations have been applied to business during the 162 years of our existence as an independent nation. Business has never been left entirely alone. From the very beginning it called upon the State to establish rules and to mark the boundaries of competitive practices.

Is there anything inherently undemocratic in the use of Federal authority to establish rules governing economic liberty? I believe you will agree there is not, especially

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

when the exercise of this freedom is extended to include practices that run counter to the welfare of business and the community as a whole. Neither is there anything undemocratic in the establishment of Government regulations when they do not interfere with the exercise of political freedom.

Do we think enough of our system of free American enterprise to fight for it? This is a question which has been asked of business men. The alternative is described as "regimentation." Now this term has certain distinctly undemocratic connotations that are disturbing to us all. When analyzed with respect to our traditional political institutions, however, this term loses much of its sinister meaning. We recognize it as a hollow symbol used to arouse emotional, rather than logical, thinking.

Its meaningless character when applied to American business reminds me of the story of an old Irish couple who had been married forty years when the husband suddenly died. The next day several of the women in the neighborhood visited old Bridget to offer their sympathy. To their condolences Bridget replied: "Yes, indeed, it was a terrible thing. Sure, Pat was a good husband to me for forty years. Heaven knows he was always a good provider and sure as I be sitting here, every Saturday night in that forty years he would come home and put his pay envelope down on the kitchen table. True, it didn't have anything in it most of the time, but it was the principle of the thing I am honoring him for."

Although meaningless, that principle appealed to Bridget. Equally meaningless is the term "regimentation" when we examine the type of regulation to which it is applied by those who seek to arouse our fears. Take the Securities and Exchange Act, for example. The stock swindler used to find easy money by appealing to the innocent and naive who fell victims to his high-pressure salesmanship. And even the wisest men sometimes succumbed, for they were misled through ignorance they could not dispel.

Some issuers of securities simply did not release enough facts to permit intelligent analysis of security values. In some cases the facts they did give out were false. These and other abuses have been outlawed by the Securities and Exchange Act. Is freedom to continue this type of activity necessary to preserve our private enterprise? Are we fighting for traditional American enterprise by urging a return to this kind of freedom?

As competition becomes more intense; as each part of our economic structure becomes more interdependent; as the balance of the whole framework of industry becomes more delicately poised, it is clearly the responsibility of Government to keep in step with changes that are taking place. Traffic laws designed for the days of the horse and buggy would be useless today. The driver of the modern streamlined, 8-cylinder carriage is subject to more traffic rules than his grandfather could ever believe would be possible. And yet no one would deny that governed by these rules the present-day means of conveyance is far more satisfactory than that of yesterday.

Less tangible, perhaps, than the changes in our means of travel, but no less marked, have been the changes in our methods of doing business. Here, too, if we are to preserve the maximum benefits of the improvements that have been made and insure orderly progress, we must modernize our traffic laws.

As a satisfactory means of self-regulation, free competition has become less and less effective. It has failed to work the way some economists have prophesied. Even today with all the opposition to further Government regulation, many business executives favor legislation which protects them from the competition of the so-called "chiseler." Too often the progressive, ethical business man has been forced by unscrupulous competitors to adopt policies detrimental to his employees, his industry, and the whole community. The result is he engages in a lower plane of business practices than he would voluntarily select if he were free to choose. Although we do not ordinarily think of the pressure of this kind of competition as regimentation, it is, as far as the honest executive is concerned. He is helpless to resist it without the aid of Government.

Congress has just passed a Wage and Hour Bill. Whether we like it or not we know that competition has caused conditions which make it necessary to establish rules of the game. The regulatory measures of this bill do not regiment business. They serve as standards to protect the higher plane on which competition may freely operate.

The outstanding benefit of this statute to the employer is that it helps to define the boundaries of free competition. Those who appreciate the value of sound industrial relations will no longer be forced to conform to the lower standards of competitors with blunted social responsibilities. Freedom of competition is not eliminated. It is merely confined within limits which many industrial leaders have declared essential if private enterprise is to continue its service to society as a whole.

Legislation of this kind is one of the traffic rules that modern business needs. Its purpose is to raise the plane of competition to conform with the practices of the better rather than the worse employers. If left alone, could industry accomplish this result without the aid of Government? I believe not. As long as a small minority in any industry refuse to elevate their standards, voluntary cooperation breaks down.

Government assistance is essential in establishing a plane of competition which the majority know is necessary in order to preserve our system of private enterprise. We cannot go back to conditions existing in the "Twenties." Our Government must heed the demands of a vast majority of its voters in developing a more healthy basis for sustained economic progress.

We in the Department of Commerce are devoting ourselves to the problem of recovery. In attacking this problem we are most fortunate in having the assistance of the Business Advisory Council. The members of this group represent the highest type of industrial leadership and their generous services are of outstanding value to both business and Government. Most of their work is done quietly without a word of publicity, but its highly constructive influence is felt none the less.

Their recommendations, based on searching and unbiased study, are frequently relied upon for guidance by policy-making officials of other Government agencies. They are now devoting long hours of thought and discussion to the relationship between Government and busi-

(Continued on page 30.)

# The Nation's Collection Percentage

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY		
	1938			1937			1938			1937			1938			1937			1938			1937			1938	1937	1938
	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.	AV.	HL.	LO.
Boston, Mass.	52.8	88.2	44.2	54.0	85.3	44.8	15.3	25.1	13.9	14.8	23.7	13.9	52.4	57.0	43.8	55.8	61.0	44.5	—	—	—	—	—	—	—	—	—
Providence, R. I.	47.2	53.0	45.0	50.3	54.0	45.6	—	16.1	—	—	14.6	—	—	—	—	—	—	—	—	11.0	—	—	—	12.3	—	—	—
Lynn, Mass.	46.9	57.0	43.7	49.6	61.0	41.7	—	—	—	—	—	—	—	—	—	—	—	—	11.3	15.6	9.5	14.9	18.5	11.3	—	—	—
Springfield, Mass.	54.3	60.0	48.7	59.1	63.5	54.7	13.5	17.4	9.6	15.1	19.0	11.3	48.8	55.7	42.0	51.1	53.9	48.5	—	—	—	—	—	—	—	—	—
Worcester, Mass.	47.3	47.8	43.9	48.0	49.2	43.4	23.1	24.7	21.6	24.0	24.8	23.3	34.8	43.0	30.0	35.0	46.0	24.3	—	—	—	—	—	—	—	—	—
New York City	49.6	61.4	40.6	48.9	63.3	44.3	18.7	26.0	12.3	19.0	20.8	13.4	43.2	49.4	34.0	41.7	54.2	36.1	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	44.8	49.0	39.3	48.6	54.6	41.0	14.5	18.0	11.9	15.3	18.9	12.3	42.7	49.0	31.8	46.1	54.6	34.5	—	—	—	—	—	—	—	—	—
Reading, Pa.	50.1	52.7	49.5	52.2	53.7	50.7	—	16.9	—	—	20.0	—	—	42.5	—	—	40.5	—	—	8.1	—	14.9	18.5	11.3	—	—	—
Syracuse, N. Y.	39.7	41.7	39.0	41.9	44.9	38.8	13.7	17.1	13.0	16.9	18.9	13.9	45.4	46.0	44.8	44.4	45.9	43.0	—	9.8	—	—	13.4	—	—	—	—
Utica, N. Y.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	42.3	51.6	35.4	42.1	53.5	35.2	13.5	14.4	12.1	13.0	14.1	12.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Huntington, W. Va.	55.4	55.6	55.2	55.0	55.7	54.4	8.5	9.3	7.6	8.6	8.7	8.5	—	—	—	—	—	—	—	—	—	—	—	9.9	—	—	—
Baltimore, Md.	43.0	49.7	34.7	43.9	49.0	37.4	15.0	23.4	8.7	14.9	23.8	8.1	37.8	40.0	36.1	40.2	41.1	38.7	—	—	—	—	—	—	—	—	—
Birmingham, Ala.	39.5	42.8	34.0	41.3	46.1	34.0	15.5	16.0	15.0	16.0	17.5	13.7	38.4	40.0	36.7	42.1	43.0	41.3	11.2	12.3	9.9	12.6	13.0	12.3	—	—	—
Atlanta, Ga.	34.1	35.7	32.6	35.0	35.0	35.0	13.5	14.9	12.1	13.6	14.2	13.0	30.4	31.9	29.0	33.1	35.6	30.7	—	11.1	—	—	12.3	—	—	—	—
Kansas City, Mo.	72.9	79.4	66.4	70.1	77.2	63.1	—	18.8	—	—	15.9	—	51.5	59.0	46.3	53.1	59.5	45.7	—	12.0	—	12.7	14.0	11.5	—	—	—
St. Louis, Mo.	53.6	63.0	45.5	55.0	64.8	47.2	18.1	20.3	16.9	17.8	20.7	15.3	43.0	49.7	35.4	42.2	48.5	37.0	—	19.5	—	—	17.3	—	—	—	—
Little Rock, Ark.	37.4	43.1	35.2	36.7	44.1	36.1	26.6	30.6	17.3	17.0	23.0	15.3	—	—	—	—	—	—	—	9.0	—	—	10.6	—	—	—	—
Cleveland, O.	44.8	51.0	41.1	46.7	50.0	43.6	16.9	23.1	12.0	18.2	27.8	12.5	41.3	42.3	40.0	43.6	43.7	43.6	8.1	9.1	7.7	11.5	14.3	8.7	—	—	—
Cincinnati, O.	50.3	58.3	41.0	53.6	59.6	47.0	14.0	19.2	10.1	15.6	28.0	13.4	46.5	52.3	40.0	45.5	48.9	41.2	—	—	—	—	—	—	—	—	—
Columbus, O.	43.4	51.7	41.1	45.4	55.5	44.7	12.4	13.4	11.4	12.7	13.0	12.5	46.5	48.0	36.5	48.6	57.5	41.3	11.4	13.4	9.1	12.5	13.0	11.1	—	—	—
Toledo, O.	42.6	48.5	37.5	46.0	53.6	43.0	14.9	20.0	14.8	16.9	19.2	16.6	41.7	57.2	21.0	48.2	52.4	12.0	—	—	—	—	—	—	—	—	—
Youngstown, O.	38.1	38.7	37.4	45.8	46.8	44.7	12.6	12.8	12.4	14.9	16.8	13.0	25.6	38.7	12.5	28.8	41.0	18.6	10.2	12.5	6.9	15.5	17.1	13.8	—	—	—
Detroit, Mich.	40.6	65.5	37.8	54.2	66.4	41.4	18.6	24.7	11.8	20.5	22.2	16.7	49.9	55.3	47.5	65.9	57.7	46.5	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	45.0	46.7	43.2	48.1	51.0	44.6	—	—	—	—	—	—	41.1	50.3	33.0	49.3	63.0	41.0	15.3	18.9	12.5	17.4	23.7	12.4	—	—	—
Milwaukee, Wis.	45.1	47.1	45.0	48.5	52.0	48.2	18.4	18.6	18.2	20.0	20.1	20.0	40.0	53.0	26.9	54.1	54.7	53.5	10.7	12.3	9.1	13.6	15.9	11.2	—	—	—
Springfield, Ill.*	31.1	40.6	16.0	31.2	42.8	15.5	—	—	—	—	—	—	29.0	29.0	29.0	30.4	31.7	29.0	22.6	34.0	13.5	23.1	38.5	13.2	—	—	—
Duluth, Minn.	—	—	—	52.5	57.5	47.6	—	—	—	23.1	26.3	19.9	44.4	62.3	41.0	49.2	55.6	36.0	—	—	—	—	—	—	—	—	—
St. Paul, Minn.	54.8	59.6	49.2	55.2	59.5	52.0	—	—	—	—	—	—	45.1	45.1	45.1	41.6	47.5	32.0	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	66.0	69.6	63.5	65.8	70.1	61.4	18.9	23.4	13.2	18.2	21.9	12.7	56.7	56.8	56.5	60.5	61.8	59.1	—	—	—	—	—	—	—	—	—
Davenport, Ia.	51.9	54.0	49.9	52.4	53.8	50.9	14.6	15.1	14.2	17.5	19.3	15.6	—	—	—	—	—	—	—	15.9	—	—	14.1	—	—	—	—
Cedar Rapids, Ia.	51.8	57.6	43.2	56.0	61.0	51.0	20.1	20.9	19.3	20.9	23.0	18.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Des Moines, Ia.	40.3	43.8	37.5	39.1	45.8	35.0	—	10.4	—	—	11.4	—	44.6	53.0	44.4	46.8	51.3	42.0	—	—	—	—	—	—	—	—	—
Sioux City, Ia.	45.1	46.4	39.5	43.9	50.0	37.8	14.9	17.4	14.7	14.8	15.2	14.0	—	38.0	—	—	40.0	—	—	14.7	—	—	21.7	—	—	—	—
Omaha, Neb.	—	45.8	—	—	46.2	—	—	13.0	—	—	11.9	—	41.7	45.1	34.7	40.4	44.1	35.7	—	—	—	—	—	—	—	—	—
Tulsa, Okla.	59.9	64.6	57.1	63.8	66.2	62.3	15.2	17.0	12.5	13.9	15.6	12.2	47.8	54.8	38.0	47.2	52.0	42.0	—	—	—	—	—	—	—	—	—
San Antonio, Tex.	41.8	47.0	36.7	40.0	44.1	37.7	10.5	12.3	8.7	—	13.2	—	43.0	49.4	37.2	49.0	51.0	37.3	—	—	—	11.8	12.4	11.2	—	—	—
Denver, Colo.	44.0	45.7	40.3	45.2	49.3	44.7	12.4	14.6	9.7	15.0	24.5	12.5	41.5	42.8	40.3	47.0	49.3	44.8	9.0	9.9	8.2	10.3	12.1	8.5	—	—	—
Salt Lake City, Utah	54.6	57.9	49.0	55.5	58.8	50.0	23.4	24.8	17.2	19.6	25.7	14.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Casper, Wyo.	—	106.5	—	—	111.6	—	—	—	—	—	—	—	—	40.0	—	—	39.0	—	—	—	—	—	—	—	—	—	—
Portland, Ore.	38.9	52.5	35.0	38.9	61.8	34.3	13.4	17.8	12.5	13.1	16.1	13.1	37.4	43.0	35.3	41.5	45.0	38.0	—	—	—	—	—	—	—	—	—
Spokane, Wash.	51.7	52.0	51.3	50.9	52.3	49.6	12.6	14.1	11.0	13.8	15.6	11.9	38.2	49.0	27.5	37.9	46.0	29.9	—	—	—	—	—	—	—	—	—
San Francisco and Oakland, Calif. }	44.5	52.5	37.4	44.9	50.0	35.8	18.5	25.1	13.2	16.7	23.3	12.5	34.1	48.8	25.1	36.1	47.9	29.9	11.4	17.3	9.5	10.5	19.6	10.1	—	—	—
Los Angeles, Calif.	61.2	68.9	51.3	62.5	66.3	52.4	17.6	20.2	15.8	19.4	21.6	17.0	53.4	56.7	50.2	54.0	57.0	51.0	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	53.6	64.3	39.5	48.7	57.5	30.8	—	—	—	—	—	—	51.1	69.0	40.7	54.4	72.4	43.6	—	—	—	—	—	—	—	—	—
Ottawa, Ont.*	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	56.6	62.5	50.8	61.6	66.7	56.5	24.4	32.4	16.4	22.2	25.1	19.3	—	48.0	—	—	45.0	—	—	14.0	—	—	15.6	—	—	—	—
Victoria, B. C.	66.1	67.4	64.9	62.1	63.2	61.1	25.1	35.2	15.1	22.8	29.0	16.7	—	—	—	—	51.1	—	—	—	—	—	—	—	—	—	—

\* 1938 Figures not received at press time  
 ★ Open and Installment accounts combined

<sup>1</sup> Installment  
<sup>2</sup> Furriers

<sup>3</sup> Laundry  
<sup>4</sup> Heating

<sup>5</sup> Plumbing  
<sup>6</sup> Lumber

<sup>7</sup> Paper and Paint  
<sup>8</sup> Fuel

<sup>9</sup> C and Dye

Forty-Nine Key Cities Cooperating with the Research Division • United

# June, 1938, Versus June, 1937

STORES	JEWELRY STORES					MEN'S CLOTHING STORES					SHOE STORES					AUTO ACCESSORIES, TIRES, GAS AND OIL					MISCELLANEOUS														
	1937					1938					1937					1938					1937					1938					1937				
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.		
11.3	62.7	65.9	68.8	63.0	—	55.9	—	—	54.3	—	—	—	—	—	—	61.6	—	—	64.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	46.8	—	—	—	—	—	—	—	—	—	59.1	61.9	56.4	58.0	60.0	56.1	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	12.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	45.0	—	—	45.5	—	—	—	—	—	—	56.7	65.9	47.6	64.6	70.7	58.6	—	—	—	—	—	—	—	—	—	—	—	—		
—	—	—	—	—	—	64.0	73.0	37.0	64.0	97.0	41.0	—	—	—	—	44.0	—	—	49.3	—	—	—	—	—	50.0	—	64.7	66.0	63.5	64.4	75.0	53.0	66.0	86.0	54.6
—	—	—	—	—	—	50.0	67.3	41.0	49.4	74.7	44.5	—	—	—	—	61.4	—	74.1	86.7	61.5	—	—	—	65.7	—	—	73.8	—	51.5	78.0	46.0	56.2	80.0	49.0	
11.3	46.7	59.7	81.0	38.4	—	—	—	—	—	—	—	—	—	—	—	56.5	60.0	53.0	61.3	67.6	55.0	—	—	—	—	—	—	—	74.4	82.7	58.0	79.1	86.5	67.0	
—	—	—	11.1	—	—	38.6	47.8	29.5	44.7	53.5	35.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	56.1	56.8	16.7	46.6	60.0	39.0	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	77.3	84.6	70.1	77.2	88.2	76.2	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	38.1	40.2	33.9	41.6	50.0	35.4	49.1	54.2	45.7	48.3	55.8	44.6	—	—	—	—	—	—	—	—	—	—	—	—	26.0	66.0	18.0	56.0	68.5	39.0
12.3	—	—	—	—	—	42.6	45.2	39.4	45.8	47.5	44.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	34.2	34.7	33.7	33.9	35.1	32.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	77.6	—	—	52.5	—
11.5	—	—	—	—	—	51.5	59.0	46.3	53.1	59.5	45.7	—	48.0	—	50.9	52.4	49.5	78.1	79.0	58.9	82.3	86.3	66.3	69.3	91.7	49.6	76.1	90.0	52.0	—	—	—	—		
—	—	—	—	—	—	36.2	41.1	31.7	34.2	41.7	34.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	43.6	—	—	41.2	—	
—	17.0	29.1	39.2	19.0	—	—	—	—	—	—	—	—	—	—	—	—	—	70.5	84.1	56.9	66.8	84.4	49.2	—	—	—	—	—	49.0	—	—	52.0	—		
8.7	27.7	41.8	63.8	39.4	43.9	65.2	41.5	44.2	78.6	42.7	—	—	—	—	57.6	—	—	—	—	—	—	—	—	—	—	—	—	—	53.4	79.2	25.9	53.4	88.2	30.7	
—	46.8	47.4	47.5	47.4	42.6	44.9	40.4	45.2	51.1	39.3	68.6	67.5	59.7	61.8	63.7	60.0	—	—	—	—	—	—	—	—	—	—	—	—	55.8	72.8	43.0	58.9	80.9	43.0	
11.1	—	—	—	—	—	43.0	—	—	39.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	25.0	44.9	49.9	40.0	31.2	31.5	31.0	34.8	35.4	34.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
13.8	—	—	—	—	22.4	34.7	17.0	34.2	41.0	21.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	65.8	74.8	79.7	70.0	46.6	47.4	46.0	55.6	64.6	50.2	52.0	56.4	47.7	57.0	59.0	55.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
7.12.4	—	—	—	—	41.8	70.0	20.8	53.3	85.5	25.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
9.11.2	31.0	45.5	46.0	45.0	45.7	46.4	45.0	47.1	50.0	44.2	53.3	60.2	46.4	56.6	59.7	53.5	—	64.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
13.2	36.8	—	—	—	33.4	37.3	29.5	30.2	31.2	29.1	37.3	38.5	36.0	35.9	36.8	35.1	59.3	68.0	43.0	53.5	66.0	37.5	56.6	69.3	49.0	56.9	66.9	50.0	—	—	—	—	—	—	
—	—	—	—	—	31.0	32.9	29.0	35.5	37.5	33.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	41.6	56.0	35.0	47.0	63.0	35.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	48.5	—	—	48.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	35.5	—	44.7	49.2	40.3	49.8	52.0	47.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	51.4	51.7	51.2	47.3	47.7	47.0	—	58.0	—	—	61.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	39.6	42.0	37.2	39.9	40.8	39.0	—	54.0	—	71.0	77.0	59.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	42.0	—	—	41.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	—	52.2	—	—	53.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	47.9	59.9	36.0	52.6	63.9	41.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
11.2	—	—	21.1	—	—	39.3	—	—	39.7	—	—	—	51.7	—	—	50.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	42.9	43.0	42.8	47.6	49.3	45.9	42.9	45.9	40.0	44.8	50.1	39.6	—	89.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	51.9	61.9	42.0	50.0	58.1	42.0	51.2	62.3	40.0	55.0	64.1	46.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	7.9	15.6	21.5	8.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	17.4	27.1	35.1	19.0	40.4	40.9	33.0	36.2	47.6	35.2	—	—	—	—	—	—	—	57.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	35.8	45.8	32.0	37.9	45.0	32.7	43.1	60.5	40.0	46.6	61.0	40.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	49.8	55.8	45.4	54.3	59.0	52.4	56.8	60.4	47.0	60.1	63.7	51.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
—	—	—	—	—	55.3	67.3	44.6	61.3	73.9	52.1	48.0	53.5	42.5	50.8	61.6	45.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5.6	14.5	—	—	—	38.6	50.0	35.4	46.5	53.3	39.8	—	53.0	—	—	58.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

9-36  
A.H.

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

8-38  
A.H.N.

and Dyeing

<sup>12</sup>Optician  
<sup>13</sup>Grocery

<sup>14</sup>Stationery, Office Supplies  
<sup>15</sup>Florist

<sup>16</sup>Hardware  
<sup>17</sup>Dairy

<sup>18</sup>Drugs  
<sup>19</sup>Sporting Goods

<sup>20</sup>Leather Goods  
<sup>21</sup>Electrical Supplies

United States and Canada -- Contribute These Figures Monthly



# Annual Report of the Outgoing President

J. GORDON ROSS

**I**N SPITE of the chaotic economic conditions which have prevailed during the past year, I feel that our Association has progressed along many lines. This I attribute to the untiring efforts of those in our National Office and to the loyalty and cooperation of our membership.

Since the Spokane Convention I have visited 11 local Associations, 4 District Conferences, and 5 Conventions and meetings of other organizations. On most of these occasions I have complied with requests to address the assembled members and guests. Many of the local Association meetings were well attended by merchants as well as credit men, which was gratifying evidence of the prominent part played by these Associations and their leaders in their respective communities.

The officers, directors, committee chairmen and members have cooperated in such a manner as to warrant my sincere appreciation. Some of the results of their work, referred to below, will be of lasting value to the Association.

Mr. Leopold L. Meyer, as Chairman of the Consent Decree Committee, has done an outstanding job, first, in the selection of most competent attorneys, and second, in assisting them to prepare the excellent brief which has been submitted to the Department of Justice. It was my pleasure to meet Messrs. Walne and Andrews of the law firm of Baker, Botts, Andrews and Wharton, in Washington in May, and along with prominent credit executives and bureau managers to accompany them to the office of the Assistant Attorney General. I was impressed with the capable manner in which they presented our case, and I cannot help but feel optimistic about the outcome. In any event, the Association has further cause to be grateful that Leop. Meyer is willing to devote his time and capabilities to its interests.

Dr. Clyde W. Phelps, of the University of Chattanooga, has practically completed his textbook on Credit. I have read each chapter as it has been finished and am confident that it will be a valuable factor in aiding the Educational Committee in its work in the future.

The membership increase during the past year has not been as large as hoped for, but is, in my opinion, very good considering the conditions which prevail. It is pleasant to know that the Finance Committee, with whom I met in St. Louis in February, found that, in general, expenses have been kept within the budgeted amounts, and that the end of the fiscal year would find a satisfactory cash balance on hand.

Twice during the year I have visited the office at St. Louis, first in July on my return from the West, and again in February, on the occasion of the Finance Committee meeting. Both times I was impressed with the apparent efficiency and orderliness. The various branches

of the work seem to be in the hands of capable and loyal workers, ably managed by Mr. Crowder. Many words of commendation have come to my ears concerning the improvement in *The CREDIT WORLD*. Both Mr. Hert and Mr. Hannefin have worked energetically and it is nice to know that their efforts merit the approval of so many of our members.

In addition to keeping the affairs at the National Office in excellent condition, Mr. Crowder has been able to cover a large portion of the country visiting Conferences, local Associations and individual members. His loyalty, energy and fine personal qualities have made for him and the National many true friends.

As the result of my observations I wish to make the following recommendations intended to enhance the value and prestige of our Association:

1. That a careful study be made of the reasons for the outstanding success of some of our local Associations and the findings be used to invigorate and develop many Associations which are not playing the important parts they should in their communities.

We may be justly proud of the accomplishments of some of our local units. They are rendering a real service to their merchants and their cities. Furthermore, the merchants themselves are conscious of the value of these associations and seem eager and willing to assist them. On the other hand, there is a definite lack of organization and effort on behalf of many locals. If this inertia can be overcome by inspiration based on fact supplied by the National Office, opportunity will be presented to extend our influence and at the same time increase our membership.

2. That organization and publicity efforts of the National be directed at the merchants as well as the credit men.

Unfortunately, all merchants are not familiar with the title "Manager of Credit Sales," nor do they realize the potential value of one in such a position. Likewise, many credit managers either cannot or will not seek to sell their store owners on the need and desirability of local and national Associations. It is my conviction that the extent to which we can encourage the store owners to support the local Associations will, in a large measure, determine the effectiveness of the Associations themselves.

3. That a study be made of the various features presented in the District Conference programs, with a view of recommending use of those features or methods which have proved to be most constructive, interesting and economical.

It has been extremely interesting to me to observe the types of programs and the manner in which the meetings

have been conducted. In some instances new plans have been conceived which have produced very satisfactory results. Then again, at other Conferences there has been a tendency to include as a matter of custom some features which do not have sufficient interest and educational value. Today, more than ever before, it is essential that the Conferences provide sufficient return to justify the expense of attending. Hundreds of our members attend District Conferences who find it impossible to attend the National Convention, and I feel that it is most expedient that the National Office do everything possible to assist district officers in planning their Conference programs.

4. That a study be made and publicity given to the most effective plans of promoting District Conference attendance.

Types of publicity, special committees, and other activities have a very definite bearing on Conference attendance. Some localities have done a very commendable job in this respect during the past year. Spokane's large delegation at Portland, and Winnipeg's excellent attendance at Minneapolis were the result of intelligently planned effort. Live programs and large attendances at the district meetings will aid materially in developing the prestige of the National throughout the nation.

5. That there be a mid-winter meeting of the Executive Committee, together with the Chairmen of the other Committees and the National Office executives, to determine progress made by each Committee, and to chart the course for the balance of the year.

Ours is a business organization, charged with a serious obligation to consistently study conditions and methods, and to present sound conclusions for the benefit of those whose dues make possible the existence of the Association. The more value our service proves to be to the merchants, the less difficult will be our membership problems. Committee Chairmen and members must be selected with the greatest care so that we may be assured that most serious consideration will be given to their respective efforts. It must be remembered, however, that each Committee member and Chairman is limited as to the time and energy he may devote to Association affairs.

It was because of my realization of this that I suggested early in my administration, and still believe, that someone in the National office should act as Secretary of each Committee to maintain communication with the Chairmen and between them and the members of their committees, and to assist in accumulation of data needed in their respective studies. Eventually, as finances permit, it would be desirable to have meetings of the Committees between conventions, but even now I feel that it would be helpful to have the various Committees meet after their appointments, get acquainted with each other, and exchange ideas before leaving the convention city.

6. That a conscientious effort be made to cause the story of credit and *bureau service* to be presented to the high school students of the country as a part of the school curriculum.

We are all in agreement with the old proverb, "An ounce of prevention is worth a pound of cure." Certainly every credit granter would be grateful if he knew that future buyers had a definite knowledge of the purposes of credit, the means used to control it, and the

responsibilities of the applicant. On the other hand, what is more important to young people starting out "on their own" than the knowledge of the most effective use of money and credit?

Some of our Associations have made it a practice for years to tell their story to student groups with excellent results. There is no doubt in my mind, however, that the most effective manner to present the picture adequately is by offering it as part of the regular course of instruction. Judging by the correspondence and discussions I have had concerning this subject during the past year, I believe many of our members agree that this project should be followed up vigorously.

It will always be a source of keen appreciation to me to have been selected as your President during the past year. I am grateful for the opportunities presented by this office to meet so many of you personally, and to enjoy your hospitality. With a heart full of gratitude for the many kindnesses shown me, I turn over the gavel to competent hands, with every confidence that our Association will become an ever increasingly important factor in the retail business of the world.

### Social Security Cards Not Proper Means of Identification

Merchants should not accept Social Security account number cards as identification when they are exhibited by persons who want to establish credit or have checks cashed, warns T. L. Gaukel, Manager of the St. Louis office of the Social Security Board.

"Possession of an account number card," Mr. Gaukel explained, "means only that the holder has obtained a number so that an account to which wages are credited and on which benefits are computed may be set up for him under the Old Age Insurance program. Persons with illegal intentions can easily obtain a card wrongfully by furnishing an alias and a false address. In these cases, the Government cannot set up a proper record as correct identifying information is not furnished.

"This warning is issued because of the altogether too frequent requests from merchants, who have lost money in attaching too great a significance to these cards, for information from the Social Security records." It was pointed out that these requests cannot be complied with as the Social Security Board has ruled that the public interest and efficient administration of the Social Security Act require that the confidential nature of all wage and other records in possession of the Board pertaining to any person be preserved.

### Calgary Bureaus Consolidated

The Calgary Retail Credit Grantors' Bureau, Calgary, Alta., Canada, of which Mr. H. O. Schultz is Manager, recently took over the Retail Merchants Association of Canada (of that city) which has been consolidated with the Retail Credit Grantors' Bureau.

Calgary is "going places" in a "National" way. Mr. Schultz is also secretary of the Calgary Retail Credit Association, a thriving National Unit with 52 National members. "We have been signing up a good many members," writes Mr. Schultz, "and will shortly revise our list of 'National' members."

# Report of the General Manager-Treasurer

To the Officers, Directors, and Members of the National Retail Credit Association:

It is gratifying to report another successful year.

## FINANCES

The financial condition of the Association shows further improvement, with cash on hand and in bank of \$13,787.08, an increase of \$2,605.56 over last year. Current bills, as has been the policy since March, 1935, were paid in the month in which incurred.

## MEMBERSHIP

New applications for the year numbered 2,432, while cancellations numbered 1,983, a net gain of 449. Membership at the close of the year was 14,468. Associations affiliating with the National during the year numbered 17, and it is interesting to observe that they are located in cities ranging in population from 2,500 (Tekoa, Washington) to 375,000 (Indianapolis, Indiana). With the exception of Indianapolis and Edmonton, Alberta, all units are in cities of less than 50,000 population.

## CONSENT DECREE

At the Spokane Convention, following presentation of the matter by former President Leopold L. Meyer, it was decided that an effort should be made to have the Decree vacated or substantially amended. President Ross appointed Mr. Meyer as Chairman, and former President Charles M. Reed of Denver as a member of the Committee. Following the Spokane Convention, Mr. Meyer, after consulting your General Manager-Treasurer and with the approval of the Board of Directors, engaged Messrs. Baker, Botts, Andrews & Wharton, one of the outstanding law firms of the South. Mr. Meyer has devoted a great deal of time to this subject; in fact has conferred with the attorneys almost continuously.

A conference was held in St. Louis the latter part of October, participated in by Mr. Meyer, Messrs. Andrews & Walne, senior members of the law firm, and several outstanding credit executives and bureau managers. In May another conference was held, this time in Washington, D. C., which was attended by Messrs. Meyer, Andrews, Walne and several prominent credit executives and bureau managers. After meeting Assistant Attorney General Arnold, by whom Special Assistant Attorney General Edward P. Hodges was assigned to the case, the entire morning was devoted to a discussion of all phases of the Consent Decree. At the request of Mr. Hodges, certain data are being assembled by the Associated Credit Bureaus of America and will be submitted to the Attorney General's office in the near future. The handling of the matter is in capable hands. Messrs. Meyer, Andrews and Walne have been tireless in their efforts, and it is hoped the Department of Justice will grant our requests, which were so ably presented by Mr. W. H. Walne.

## CREDIT WOMEN'S BREAKFAST CLUBS

At the Spokane Convention the Credit Women's Breakfast Clubs organized as the Credit Women's Breakfast Clubs of North America and became a division of the National Retail Credit Association. Miss Avadana Cochran of Bremerton, Washington, President, and the Of-

ficers and Committees have made nice progress in the past year in organizing new clubs and councils and in assisting all clubs in their educational programs. I bespeak for the Officers, Directors and Committees of the Credit Women's Breakfast Clubs of North America your wholehearted cooperation.

## EDUCATIONAL COMMITTEE

The credit textbook, of which Dr. Clyde Wm. Phelps of the University of Chattanooga is author, will be published in the early fall. The manuscript was submitted to the members of the Educational Committee for suggestions and the final draft is now being edited by Dr. Phelps. It will be an outstanding book on retail credit and many associations are eagerly awaiting its publication, for use in credit classes this fall.

## PERSONAL CONTACTS

Four months of the year were spent in the field, during which time I visited 51 cities in 23 states and 2 provinces of Canada.

## COOPERATION

Your General Manager-Treasurer expresses appreciation to President J. Gordon Ross and the Officers and Directors of the Association; to Chairmen Foley of the Finance Committee and Morgan of the Legislative Committee; members of all committees; Washington Counsel Shealey; and to the National Office personnel for their assistance and continued cooperation.

Respectfully submitted,

L. S. CROWDER,  
General Manager-Treasurer.

June 8, 1938.

## Death of Harry Manchester

Harry Manchester, Madison, Wis., owner of the department store bearing his name, died July 15, at the age of 70. He is survived by his widow, a daughter, and a son, Morgan Manchester, who was associated with him in business.

## Wanted for Embezzlement

LeRoy D. Gaston, age 40, 5 ft. 6 in. tall, 140 pounds, light brown hair, blue eyes, deep cleft in chin, has peculiar thumbs. Was wearing a white cap, grey trousers, light blue striped shirt; does not always wear glasses. Former credit manager and well known to this fraternity. Sometimes uses the name Harry Waner. Kindly check with credit men for information. Will extradite. Arrest and notify—O. W. WILSON, Chief of Police, Wichita, Kansas.

## Position Wanted

INSTALLMENT CREDIT AND COLLECTION MANAGER—Seven years in the Merchandising and Statistical Division of leading department store in the Southwest; five years as Manager Budget Department. Age 45, best of references. Address Box 81, CREDIT WORLD.

# An Unusual Opportunity



**T**HE new study course of the National Retail Credit Association, created to meet a demand for specialized training in the Consumer Credit Management Field, will be released September 15.

This course is based upon a new book, "Retail Credit Fundamentals," written expressly and exclusively for your Association by Doctor Clyde William Phelps, Head of the Department of Economics, University of Chattanooga, Chattanooga, Tennessee, and author of numerous books on retail credit.

The text has been prepared under the direction of and in collaboration with your Educational Committee (see names of Committee on inside back cover, this issue) and other leading credit executives throughout North America.

The complete course, covering twelve\* lecture periods (providing a textbook for each student enrolled, final examination questions, and a certificate showing completion of the course, issued by the National Retail Credit Association) will be available to affiliated local Retail Credit Associations for use in conducting credit schools where 25 or more students are enrolled, at \$2.25 per student. This is the most exceptional value within our knowledge. The regular price of the book alone in single copies is \$4.00.

\*At option of local Educational Committees, lectures may be combined so that entire course may be presented in eight or ten lecture periods if desired.

*for credit men, credit women, credit office workers, and credit bureaus' personnel*

## TABLE OF CONTENTS:

**BOOK I—SECURING NEW BUSINESS:** Credit as a Business Force; Obtaining Applications for Accounts; Interviewing the Applicant (Information Required; Staging the Interview); Interviewing the Applicant (Taking the Application; Educating the Customer); Investigating and Analyzing the Risk; Accepting and Declining Applications.

**BOOK II—CONTROLLING THE ACCOUNT:** Authorizing Purchases (Making Out the Salescheck; Identifying the Customer); Authorizing Purchases (Communication Systems; Passing on Charge Purchases); Special Problems of Credit Control; Credit Sales Promotion (Fundamentals; Active Accounts); Credit Sales Promotion (Reviving Inactive Accounts).

**BOOK III—COLLECTING:** Fundamentals of Collections; Collection Tools and Methods (From Statements to Telegrams); Collection Tools and Methods (Collectors and Outside Agencies); Rehabilitating the Delinquent Customer.

Full details of the plan, together with suggestions on how to organize a credit school in your community, plan of lectures, who to have present lectures, and other vital information will be cheerfully and promptly furnished. Direct all inquiries to Arthur H. Hert, Secretary, National Retail Credit Association, 1218 Olive Street, St. Louis, Mo., or just fill out the coupon and mail it today.

MR. ARTHUR H. HERT, Sec'y.  
National Retail Credit Association,  
1218 Olive Street,  
St. Louis, Mo.

Please send me suggested plan for organizing a credit school in my community.

SIGNED \_\_\_\_\_

FIRM NAME \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

DATE \_\_\_\_\_



# The Tie that Binds

By THOMAS DOWNIE\*

Manager, Retail Credit Grantors' Bureau, Ltd.; Secretary, Retail Credit Grantors' Association, Vancouver, B. C.

**T**IME MARCHES ON! Several thousand years ago, the Neanderthal Man lived on this earth. This hairy gentleman ate his meat raw and lived by the weight of his club. He stood alone against the world—clothed, fed and housed himself as nature and circumstances permitted. Undoubtedly, he was the ideal individualist. But being strictly an individualist had its drawbacks, and as time went on he found that the necessities of life could be obtained more easily and with less risk when he banded with his fellows into tribes.

Later these tribes formed communities, tilled the soil and built permanent shelters. With each step man took toward our present civilization, the scope of the individual's freedom became narrower and his obligations to his fellows became greater. He found it necessary to make laws which bridled individual activity for the good of the community.

In other words, he found he had developed a cooperative society in which the actions of the individual, no matter how small, had their effect on the community as a whole. As the rugged rocks of individualism were gradually submerged by the rising tide of civilization, the need for education and cooperation became very real. Through the ages man struggled toward a higher plane of cooperation.

Generations passed. As the present era approached, production reached the stage at which men could manufacture more goods than they required for their personal needs. Experts and specialists were developed and the problem of production and consumption became more and more acute.

The result is, we now have a highly complex system of economics. I am sure that you will agree with me when I say that the need for cooperative action was never greater than it is today. Responsibilities rest heavily on the shoulders of every business man and we who are engaged in the extension and control of retail credit must accept our share. We are continually becoming an even more important factor in linking the consumer with the great machine of production. The value of our service in this regard will become still greater as time goes on, with a resultant increase in our responsibility to our communities. Let us heed well our responsibilities and do our utmost to prepare ourselves to meet them.

Let us begin at home: let us strengthen the bonds of cooperation and understanding within our own ranks; let us create from the present National Retail Credit Association with its 15,000 members, a mighty *international* organization representing every retailer on the North American Continent.

\*An address at the Twenty-Sixth Annual Convention, N. R. C. A., Pittsburgh, Pa., June 21-24, 1938.

In the 16th Century when Queen Elizabeth ruled England with an iron hand, Francis Bacon, the great philosopher, in his essay "Of Friendship" penned these words:

"When all is done, the help of good counsel is that which setteth business right." These words, to me, fully sum up the position of the National Retail Credit Association—a fountain of good counsel to which we can all turn for help in setting our business right.

The accomplishments to date of the National Retail Credit Association are too well known to this audience to be repeated, but I do wish to tell you of the benefits that we in Vancouver, British Columbia, away out on the Gulf of Georgia, have obtained from the National Association.

In 1930, our organization was composed of Simon-pure individualists, jealous and suspicious of each other. Cooperation was unknown and unified action of any kind impossible. In fact, if a merchant could refer a poor paying customer to his neighbor's store, that was an occasion for rejoicing. Competition in terms was rampant. There were no definite due dates for the payment of accounts. All the evils that have ever developed in merchandising on a credit basis flourished. Collections were at a low ebb, and bad debt losses very high. Much hardship and loss was being inflicted on the consumers through their being overloaded with goods on time payments. Cases were common where wage earners had *payments to meet* which were greater than their monthly income.

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## Truly International!

As intimated in Mr. Downie's article, the National Retail Credit Association is truly international, living up to its slogan: "National in Name—International in Scope."

Its membership in the Dominion is growing by leaps and bounds. In addition to Vancouver, which is "100% National," there are flourishing National Units in the Canadian cities of Calgary, Edmonton, Ottawa, New Westminster and Victoria, while Toronto and Winnipeg both have ever-growing lists of National Members.

Two of the National's directors are Canadians: L. L. Harris of Vancouver, representing District Ten, and R. E. Baylis of Toronto, as director-at-large.

---

The welfare of our city was seriously affected by the deplorable conditions existing. At this time we were fortunate in having a group of leading Pacific Coast credit men, including Frank Batty, Tom Jones and Mr. Shermantine, who were passing through our city, address a large gathering of merchants. These men explained what the National Retail Credit Association was doing

to stabilize credit and what its possibilities were if it had a large enough membership. Local interest was aroused sufficiently and a local Association was formed with 17 members—all taking out membership in the National Retail Credit Association. From this small beginning we have progressed steadily.

In 1937, the benefits of the National Retail Credit Association were so apparent to our membership at large, that today, I am proud to say, our membership now numbers 200 and is 100 Per Cent "National"! Credit granting is completely stabilized. A Community Credit Policy, covering length of terms, down payments, carrying charge, budget accounts, due date for payments, etc., is in effect, and really operating. Our monthly collection percentages rank amongst the highest on the continent, and losses have been reduced to a minimum. But best of all, our merchants are really working with each other in a spirit of friendliness and cooperation.

This change of spirit has reflected on the community as a whole and has certainly fostered and maintained the good will and cooperation of the buying public. We give full credit for the improvement in our credit conditions to the help and good counsel of the National Retail Credit Association.

From the viewpoint of a bureau manager, in all sincerity I feel that through the efforts of the National Retail Credit Association, greater cooperation now exists between the merchants and their credit bureaus. The merchant has been shown the full value of his bureau and how necessary its welfare is to his own success. In turn, through this friendly cooperation, the bureaus have been able to render more efficient service to the merchant. They have been able to obtain the most up-to-date equipment and to operate with the highest efficiency. The National Office in its capacity of clearing house has gathered valuable data on the latest trends all over the country for improving the operation of our offices, thereby enabling us all to do a much better job with greater ease.

I feel, however, that the good work of the National Retail Credit Association is just beginning, and although the benefits derived by the members are great, they are really meagre in comparison to what they might be if our organization were to treble its present membership. Just think of the work the Association could do in the legal field and in an educational way if it had the revenue from and the support of 45,000 members.

In today's complex economic condition, the need for cooperation and education is greater than ever. We must avail ourselves of every opportunity to improve our condition and every bulwark to maintain that position. In the retail credit granting field what better instrument of offence and defence can we find than our own National Association? For as the mortar serves as the tie that binds single bricks into finished useful buildings, so does the National Retail Credit Association bind the individual retailers of this continent into a constructive, progressive international institution.

"Not a chance of birth or place has made us friends,  
Being oftentimes of different tongues and nations,  
But the endeavor for selfsame ends,  
With the same hopes, and fears, and aspirations."

## Route of the 1939 "Convention Special"

The most scenic route across America—through Denver, the Colorado Rockies, Salt Lake City and the Feather River Canyon of California—has been chosen for the Special Train to be operated from Chicago to the 1939 Convention of the National Retail Credit Association at San Francisco.

The Convention Special will leave Chicago Union Station via the Burlington Route at 10:30 A.M., June 16, giving delegates an interesting daylight ride across the fertile agricultural states of Illinois and Iowa.

The morning of the second day will find the travelers in Colorado. Following a two-hour stopover in Denver, the beautiful mile-high city, the Special Train will depart over the Denver & Rio Grande Western, passing under the Continental Divide through the famous six-mile Moffat Tunnel, then proceeding down the gorge of the Colorado River to Glenwood Springs, internationally renowned spa, where a five-hour stopover will be made right in the heart of the Colorado Rockies.

(Continued on page 31.)

# OFFICE MANAGEMENT

By George M. Darlington

IN the most concise, compact form, this book gives you the working fundamentals for setting up and managing at least cost a smooth-running, effective office organization. Mr. Darlington, who is both an experienced office manager and a keen student of management, puts together for you tested up-to-the minute principles and practice.

HERE for constant use are presented the proved steps to be followed in successfully getting to the heart of office problems, in putting-your-finger on the source of any difficulty. OFFICE MANAGEMENT points out the best ways to solve these troublesome problems and shows how to remove the causes of unsatisfactory conditions that arise in both the small office and large organization. Each point is definite—of immediate practical use.

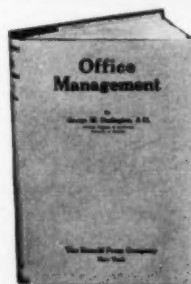
This book shows you how to deal with problems of organizing employees, inspiring workers to greater effort, maintaining a high morale. It gives definite ways of standardizing materials, establishing smooth routines, controlling operations, and testing various procedures. It is full of suggestions for controlling supplies, getting the right equipment for most

economical operation, laying out office space. It demonstrates how to use the scientific approach toward making sound, unbiased decisions.

In short, Darlington's book, OFFICE MANAGEMENT, is a dependable guide to experience-tested fundamentals for organizing and working out your own individual problems.

**203 Pages, 22 Chapters, Price \$2.00**

SENT ON 5 DAYS' APPROVAL



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Send me a copy of OFFICE MANAGEMENT by George M. Darlington. Within five days after its receipt I will either return it or send you \$2.00, plus a few cents for delivery. (We pay delivery on cash orders; same return privilege.)

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# Credit Department Letters

By Daniel J. Hannefin

THERE is much discussion, wherever credit men meet, about the advisability of following up inactive accounts. Many credit executives contend that a too-consistent follow-up is apt to irritate the customer while others maintain (and rightly so, I believe) that follow-ups of this sort tend to create good will and, in addition, more sales.

At the Department Store Group Conferences at the Pittsburgh Convention there was considerable discussion of this subject. Mr. P. C. Jackson, Credit Manager, C. E. Chappell & Son, Inc., Syracuse, N. Y., stated:

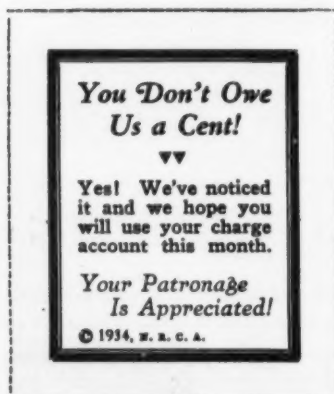
"I am very much interested in this customer follow-up and I would like to add to that, *there seems to be a tendency toward not following up inactive accounts.* I don't think that should be based solely on what merchandise is purchased or on the response to a particular letter or statement.

"If you send those statements every month and you follow up with a letter, there is a medium of good will that you cannot equal with any other procedure in your store. There are a thousand illustrations I could give but just this one from the National Retail Credit Association will suffice:

"I purchased that little sticker, 'You Don't Owe Us a Cent!' and we use all those different things. Along that line, about three or four days after we used that sticker, a lady had a saleslady in the coat department call me over. She wanted to know if I was responsible 'for that sticker on that statement.' I didn't know whether she had reference to the regular statements or those used on inactive accounts. She said, 'I got a sticker on my statement,' and she had brought in her sister who bought a \$150 fur coat."

To which Chairman Vaughan added: "I think Mr. Jackson has touched the vital spot. I think the customer appreciates being followed up by those letters and I don't think she stops at that but tells the neighbors, also. I'm sure it does build good will."

On which "the State rests its case!"



## And Here's the Sticker!

Shown at the left is the sticker mentioned above by Mr. Jackson.

It is one of a series of three published by the National Office and sold at \$2.00 per thousand.

Speaking of letters to revive inactive accounts, *Figure 1* on the next page shows one which is *different*. Usually we show on these pages letters which are sent to us by the stores originating them. *But this letter was sent to us by the customer*—and with it some enthusiastic comments.

Mr. Dougherty, who is a Diesel mechanic on the Illinois Central's streamlined train, "The Green Diamond," says:

"This is the first letter of this type I have ever received, and I like it very much. Most stores don't even bother to say 'thank you' when you pay their bill but this letter goes even further. It carries the same friendly courtesy of the credit manager which he accorded us when the account was opened. It has 'sold' me on that store and I intend to make future purchases of furniture at Lammerts'."

So proud of this letter is he that we had to promise to return it after reproducing it!

Another excellent example of this type of letters is shown in *Figure 2*.

*Figure 3* is an unusual collection letter used by a *different* type of business. This was sent to us by Mr. Floyd Burgess, Manager of the Credit Department of American Lithographing & Printing Co., with this comment: "This letter has been giving good results in the way of payment and as it is out of the usual run of collection letters perhaps that is the reason for the large percentage of remittances which have been received from it."

The utility collection letter in *Figure 4* is an outstanding sample of clear, forceful phrasing.

• • •

We are glad to be able to report that Daniel D. Grumley, Credit Manager of Lord & Taylor, New York City, has recovered from a serious illness and is now able to spend a few hours each day at his desk.

• • •

M. E. Clark has become Credit Manager of Geo. Innes Co., Wichita, Kan., department store, working under the direction of James G. McBride, Controller. He was formerly Credit Manager for the Consolidated Gas Utilities Corporation of Wichita and is a director of the Wichita Retail Credit Association.

• • •

## Capital City Credit Men Elect

At the annual meeting of the Associated Retail Credit Men of Washington, D. C., July 27, the following officers were elected: William F. Hisey, Controller, Palais Royal, President; Frank P. Scott, Woodward & Lothrop, Vice-President; and John K. Althaus, Manager of the local Credit Bureau, Secretary and Treasurer.

Directors reelected were: Leo Baum; Benjamin Blanken; A. Coonin; Landon Burt; Charles M. Keefer; Mark Lansburgh; Miss Elsie M. Lee; Herbert J. Rich; E. Emerson Snyder; Ben Stein; and Roscoe W. Reichard. Harry N. Aiken of Philipsborn's was added to the Board and Milton W. King was appointed General Counsel.

# THE LAMBERT FURNITURE COMPANY

911-915-919 WASHINGTON AVENUE

SAINT LOUIS

June 29, 1938

(1)

Mr. Noel Dougherty  
5011 Mardel Avenue  
St. Louis, Missouri

Dear Mr. Dougherty:

As your account with us has now been adjusted, we are returning to you the note and contract you signed when placing your order with us.

In reviewing your account, we are deeply impressed with the prompt manner in which the various payments have been made.

We appreciate the scrupulous care that was necessary on your part to make the record so enviable and our only regret is that the last payment has been made - that your account is inactive.

Perhaps when you see the advertisements in the newspapers of beautiful things for your home during the next few weeks, we can tempt you to reopen your account and give us the pleasure of serving you again. It is a pleasure to serve you.

Yours very truly

THE LAMBERT FURNITURE COMPANY

*E. E. Hannon*  
MANAGER - CREDIT SALES DEPARTMENT

KFP:BR

# Herzbergs

16th & Douglas Streets

Omaha, Nebraska

(2)

July 25, 1938

Mr. Daniel J. Hannefin  
1218 Olive Street  
St. Louis, Mo.

Dear Mr. Hannefin:

You were once a regular visitor to our store and made regular use of your charge account.

We notice your account has not been used for months, and wonder if we have been a disappointment to you in some way.

We value your patronage and store friendship and want you to know your charge account is here waiting for you to use it.

Please come in real soon as our new merchandise is arriving daily, and just say - "charge it" -

Cordially yours,

HERZBERGS

*Clara E. Hancy*  
Clara E. Hancy  
Credit Manager

CHE:MB

# American Lithographing and Printing Co.

DESIGNERS AND PRODUCERS OF LITHOGRAPHING AND OFFSET PRINTING



Des Moines, Iowa

CREDIT DEPARTMENT  
FLOYD BUSINESS MANAGER

MEMBERS OF  
NATIONAL ASSOCIATION OF CREDIT MEN  
NATIONAL CREDIT MEN'S ASSN.  
NATIONAL RETAIL CREDIT ASSN.

July 14, 1938

(3)



I would like to erase this!

Mr. John Doe  
Des Moines  
Iowa

Dear Sir:

Roses are still red -  
Violets are still blue -  
You owe us \$56.75.  
A check from you  
Keeps us  
From feeling blue.

Yours truly,

AMERICAN LITHO. & PRTO. CO.

FB:UR

# UTAH POWER & LIGHT COMPANY

KAHN BUILDING  
SALT LAKE CITY, UTAH

(4)

Please place yourself in our position.

We have made several requests for settlement of your account at

As yet no response has been received from you.

What would you do?

Unless you pay this account or make satisfactory arrangements within three days, it may be necessary for our attorneys to handle your account.

Yours very truly,

UTAH POWER & LIGHT COMPANY

Collection Department



## The Business Outlook

(Continued from page 6.)

government was doing something about direct loans so he wrote to the nearest government office. When he got back all the papers and read through the requirements he lost heart. He wasn't sure enough that his application would be accepted and so he didn't feel like gambling the cost of an accountant or an attorney to help him prepare the application.

But, he finally concluded, maybe he was in the wrong trade. He was in his early forties but that shouldn't prevent him from being able to change his line of work. Mary agreed. Most of the railroad men, she observed, enjoyed steady work and it might be worth while to go to the terminal. Jim knew the superintendent because he attended the same church as the Kellys did. Surely the superintendent might be able to help him. But there was no job for Jim at the terminal.

"This is a great farming country," said the superintendent, "and, generally, we used to move several hundred cars of farm products a day. But you know what the farmers have been up against lately. And besides, this new crop control law is making the farmers cut down even further. The crops just ain't here to haul."

The visit wasn't entirely fruitless for Jim, however, because the superintendent gave Jim a tip that the local electric company might be building a dam near the county seat on the old St. Joe River.

Jim picked up a ride the next day with a neighbor who was going to the county seat. He went straight to the electric company's office.

"Well, there has been some figuring around here about a new dam," said the manager, "but we haven't done much about it lately. There is a bill they're talking about in Washington right now and if it's passed the government is going to build a lot of dams, one of them about one hundred miles up the river from us. If it goes through we'll just have to forget about our plans. And we aren't putting on any men now for our regular work because we're having a hard job keeping our present staff on the payroll. You read the papers yourself, Kelly, and you know that the taxes are going up on the utilities all the time but the rates are being forced down."

Jim Kelly wasn't very lively when he arrived home. That night he told Mary that maybe that doctor out in California who had a scheme for the government to pay everybody a couple of hundred dollars a month wasn't so dumb, after all. He said he was going to find out more about it. But Mary shrugged her shoulders.

"You can't get something for nothing, Jim, and you're too smart to try it. Maybe it would be better if you tried to get a government job."

"Maybe I can," Jim answered with a tone of quiet resignation.

Jim is pretty blue about it all and Mary can see it. That's why she is planning to get him out of town for a little mental rest over the week-end. Besides, she's wondering how to tell Jim that only this morning their son Jimmy came bounding in, saying he had a steady job for two afternoons each week during the summer, working for Mrs. Carruthers.

"Mr. Newton can't tend to Mrs. Carruthers' grounds any more because he's on relief," young Jim had told his

mother, "and if anyone saw him working he'd lose his relief pay. So I got the job."

And there is one other reason that Mary would like to have Jim rest up with friends a bit. On Saturday some man is supposed to be coming to town to talk about the ideal country and his scheme for improving conditions here and now, by taxing the rich people more so that the poorer folks can get something from the government.

Mary knows that Jim is as sound as a dollar but she feels a little uneasy about having Jim hear that sort of talk. She wishes, and so does Jim, that people would talk less about soaking the rich. As Jim says, "Maybe then the folks who have some money might have a chance to help the rest."

\* \* \*

Why has not the durable goods industry moved forward? Isn't it evident that every one of the factors in that story translates itself right back into unemployment? We will never have a sound recovery in this country until we give the durable goods industry an opportunity to move forward.

What is the lifeblood of the durable goods industry? Security! Show me the man who is willing today, in view of the unbalanced budget, to invest in securities when he is not sure of the value of the money in which he is going to be repaid.

I have no quarrel with the objective of a higher standard of living, with the objective of social security, but you will find insecurity rather than security in some of the programs that are being espoused by certain theorists and economists of today.

To my mind, we may as well get ready to face facts, we may as well realize that we must do this job the hard way and not the easy way. Taxes are high, to be sure, but they will have to be higher if we are to pay our way—as we should and must. And, as business men, we must be willing to see tax burden increase 20 per cent tomorrow, if, by so doing, we can manage to live within our income.

I submit that, in making this suggestion, I have in mind that the minute you increase taxes 20 per cent, and broaden the base to include a return from every man who makes five hundred dollars or over, you will have the most effective strike this nation has ever seen—a *tax strike*. Seeing it, Congress will flee to the shelter of economy, something that is long overdue.

We will have a sound recovery when we cease developing pressure groups, when we realize that every pressure group that is successful in securing a certain amount of subsidy from the government merely stimulates other pressure groups until, in the last analysis, we become a nation of pressure groups.

The golden ideal of security will never be reached so long as we wander about in the wilderness of debt. So long as we build our hopes on a lending-spending program, we build on sand.

You may say, from what I have said to you today, that I am rather pessimistic as to the outlook for the future. Some time, when we are headed out on a sound basis—and I have a feeling that may be within the next year or two—we will reach new peaks, for the accumulated demands were never in the history of this country as sizable as they are today. The prosperity that we have known in the past will not be equal to the prosperity that

is ahead of us if we will use common sense and work our way out along a sound program.

In the durable goods field, imagine the accumulated demands. In the consumers' field, imagine the accumulated demands. And the question that comes today is this: when the present lending-spending program has run its course, what then, *what next?* The answer will be found, as it has always been found, namely, that there will be a swing of the pendulum and we will move back in the direction of sound economic programs.

No, I am not a pessimist on America. I am quite convinced that, as in the past, we will once again move on to a higher standard of living, a standard of living as yet unknown to our people. And we should not be pessimistic, for it is a fact that in a century and a half, you could not exhaust the potentialities of a country so rich as ours. While many of our people are decrying the conditions of our country and cannot see any future possibilities—to use the language of the streets, they say, "This nation is all washed up"—I point to the fact that we still find it necessary to put immigration bars to keep other people from putting their feet on our shores; other people who appraise our opportunities much better than we.

Prosperity ahead, I think you will find. As I said in the beginning, business will improve shortly after you leave this convention. I think your holiday trade will be satisfactory, and I think, in the last analysis, that we may be reaching a point where we are once again turning back and, on the foundation of the old fundamentals, planning a program based upon such fundamentals. It is well that we keep this optimistic spirit. It is well that we dream, so long as our dreams are constructive, for it was well said by the poet:

*"Who dreams shall live, and they who do not dream,  
Shall never build a temple great to time."*

## The Importance of Uniform Installment Terms

(Continued from page 8.)

community, to adopt a credit policy at variance with the greater number of their competitors. Certainly no store will gain by adopting a lax installment credit policy. The customer will buy—and no one will blame her—where she believes she can get the most for her money. Sometimes the deciding factor may be "easy" terms. But these "easy" terms are rarely to her advantage. Our analysis shows this by the long odds the seller lays against himself. Ultimately someone must pay these long odds if the seller is to remain in business.

We know the customer must pay a higher price or receive inferior merchandise to offset a decrease in the revenue from a carrying charge, the increased office expense, and the necessity of borrowing on the part of the store because of assets frozen in long-term accounts, and the tremendously greater risk involved in such accounts in periods of depression. After a while the cash and good pay charge customers of such stores will realize what is going on. They will stop buying where they are obliged to pay a hidden increase in price for services not desired by them and not furnished to them.

Uniform installment credit terms are possible. They

can be obtained, however, only through the wholehearted cooperation of a great majority of the stores in any community. And, once they are adopted, they must be maintained, if any benefit either to the store or the customer is to be derived. As an example of what can be done, I would like to point out the Youngstown Community Credit Policy, which has been operating successfully since October 1, 1930. The merchants in Youngstown, Ohio, took stock of their high mark-downs in Accounts Receivable investment in the form of greater collection costs, increased losses, and loss of interest on capital tied up in slow-paying accounts. Since 1930, they have been charging interest on past-due accounts. There has been no unfavorable customer reaction. Collections were improved, losses reduced and a very attractive addition was made to their interest revenue. In one store this addition to interest was approximately \$1,000 a month after paying for the cost of placing the interest on the accounts.

The essentials of such a policy are simple in the extreme: A fixed percentage of the price as a deposit; a carrying charge of inflexible percentage to be figured on the entire life of the contract, collected in advance with the deposit; a definite maximum time for the life of the account, varying only with the type of merchandise sold, but the same in every store.

In view of this easy cure for our present ills, in view of the tremendous odds which exist against the collection of installment credit accounts when any deviation from these elemental principles is allowed, and in view of the constantly more stringent regulations adopted by the large finance companies, we still find, in this month of June, many retailers advertising that they will require no deposit whatever on certain types of installment purchases.

It is not unusual for some of them to cap this generosity by announcing to the eager and misguided customer that they are willing to raise the odds against themselves still higher by asking no carrying charge. Some of them, indeed, have made collection as difficult as possible for themselves by telling their customers that they need not begin paying at all until next October, and then only a fraction of the purchase price, and that the remainder may be paid in the following months.

Here we have a typical example of the ruinous competition in credit terms which so many of the organizations to which I have referred have soundly condemned as being unwise and against the public policy. We have here deliberately mixed the very decidedly specked apples with the good fruit, and unless you and I are sufficiently interested to see that these specked apples are set aside and the really rotten ones thrown away, we shall soon find that our entire barrel, that generous overflowing barrel, has been contaminated.

Unless we do this, we cannot have a really sound foundation for installment selling. In this endeavor, you and I are "brother keepers." Let us resolve that, even though someone higher than we in our organizations may overrule us, we shall at least oppose unsound credit policies and work for the establishment of the *Uniform Installment Credit Policy* to which I have briefly referred.

(Editor's Note: Mr. Amthor, having seen only two horse races in his life, fears that readers, like himself, may not understand betting terms used, and asked us to explain: "Jitney," 5 cents; "Buck," \$1; "Deuce," \$2; "Sawbuck," \$10; "Yard," \$100; "Grand," \$1,000.

# Credit News Flashes--

## Personal and Otherwise

### Death of D. F. Kelly

D. F. Kelly, dean of Chicago Retailers, died July 23 in Bergen, Norway. Seventy-one years of age, he had retired as President of The Fair Department Store in April of this year and had sailed on June 29 on the S.S. Washington for a four-month European tour. He started his retail career with Mandel Brothers at the age of 11, at a starting salary of \$2 a week. Later, he was promoted to the position of timekeeper and in 1888, at the age of 20, he became superintendent of the store.

For a period he joined the John Wanamaker store, but returned to Mandel Brothers to manage the organization. He joined the Fair in 1923, as Vice-President and General-Manager. In March, 1925, he was elected President. In 1931 he was elected President of the National Retail Dry Goods Association.

He was a great civic leader and had been active for years as a member of the Chicago Association of Commerce. He helped organize Catholic Charities of the Archdiocese of Chicago and in recognition of his philanthropic and organizational work was made a Knight of the Order of St. Gregory by Pope Benedict in 1920; later he was elevated to Knight Commander of the Order by Pope Pius.

### Jacksonville Elects

At the annual election, July 26, of the Retail Credit Men's Association of Jacksonville, Fla., the following officers and directors were elected: William P. Gilreath, Cunningham's Inc., President; M. G. Phillips, Furchgott's, Vice-President; and H. C. Sedding, Rhodes-Futch-Collins Furniture Company, Secretary-Treasurer. Directors: A. O. Jenkins; Walter F. Koch; John W. Markham, Jr.; and J. J. Tibbs. Mr. Gilreath is also Vice-President of the Third District of the National Retail Credit Association.

Jacksonville is to be the host city for the Joint Conference of the Third and Fourth Districts, next Spring.

### Vancouver's Prize-Winning Essays

Miss Olive Wood of the Retail Credit Grantors' Bureau and Miss Lucy Horner of the B. C. Electric Railway Company, Ltd., shared First Prize honors in the recent essay contest conducted by the Retail Credit Grantors' Association, Vancouver, B. C. The subject was "The Value of a Good Personal Credit Record in Your Community." The essays, with the young ladies' pictures, formed the basis of an excellent newspaper ad which was published over the signature of the Retail Credit Grantors' Association.

### We Apologize to Dictaphone

The article "Facts We Must Face!" by R. L. Thornton, of Dallas, Texas, which was published in the July issue should have carried an explanation that this address

was recorded on the Dictaphone Telecord and produced on the Multigraph Duplicator.

By this new system, perfected by Dictaphone, the speaker uses a typical loud-speaker arrangement and his address is recorded on Dictaphone cylinders. This eliminates the necessity of having a court reporter take down the addresses at a meeting.

### Annual Elections of Districts Two and Twelve

District Twelve held its annual meeting at the Pittsburgh Convention and reelected all officers and directors with the exception of W. G. Taylor who has transferred from Pittsburgh to Syracuse, N. Y. Harry E. Wilson, Credit Sales Manager and director of Gimbel Brothers, Pittsburgh, was elected in his stead.

District Two, likewise, unanimously reelected all officers and directors and selected Rochester, N. Y., as the meeting place for its next annual conference.

Willard D. Hart, Retail News Editor of the Fairchild Publications, New York City, was the guest of honor (July 11) at a testimonial dinner given at the Hotel Astor in celebration of his twentieth anniversary with the Fairchild Publications.

Bernard A. Farrell, Credit Manager of Frederick Loeser & Co., Inc., Brooklyn, N. Y., and Vice-President of The Credit Bureau of Greater New York, Inc., is recovering from a month's illness but will be confined to his home for the balance of the summer.

### Nashville Association's Election

The Nashville Retail Credit Association, at its June meeting, elected the new officers shown below. They are



(left to right): Miss Lottie Hamblin, Second Vice-President; P. T. Wright, President; Ed Burton, First Vice-President; and H. N. Lampley, Treasurer. New directors named include Louis Irwin; Leon Norris; Robert Buckner; E. B. Walton; Charles C. Martin; Chester Buckingham; and E. B. Thweatt.

## Letters

That Cross the Editor's Desk

This will acknowledge the resolution adopted by your Association in connection with Mr. Ross's services as late President of the Retail Credit Association. I appreciate very much the sentiments expressed, as does Mr. Ross. I want to assure you that it was a pleasure to permit Mr. Ross to take the necessary time which the job of President required. However, it was a great deal more than that, for in his many contacts and journeys, Mr. Ross gathered many ideas which had much value to the Company. I consider the Company was the gainer, not the loser.—Herman Russell, President, Rochester Gas and Electric Corporation, Rochester, N. Y.

\* \* \*

How did I enjoy the Pittsburgh Convention and the Group Conferences? There is only one answer to both questions. I attended all of the sessions all of the time except when making a few hurried visits to some of the department stores. Many of those who attended the Conferences have received letters from me inquiring in more retail into some of the subjects we discussed, and since they replied promptly and at great length, it is evident that we all are just as willing to give as to receive, for that was the spirit which seemed to prevail under the able leadership of Mr. H. J. Burris, Chairman of the Discussion Group.

Undoubtedly these Conventions provide a wonderful opportunity for those who are interested in retail credit to sit down together and discuss their common problems. Almost invariably we run across some new developments which we can use to advantage ourselves. That was my experience and that is why I enjoyed the Convention so much.—Edgar I. Amthor, Director of Accounts, L. Bamberger & Co., Newark, N. J.

## Now--Prices Reduced!

### "Stop and Go" Stickers

(Credit Traffic Signals)

### Serve Every Purpose!

Use with your daily sales slips, statements, and credit department letters. Save correspondents' time. Put your message over with a punch by using "color—flash."



### "Go" Stickers

(Nos. 1-5-6): Express your appreciation to your most valued and often neglected customers—those who pay promptly. Make the customers feel, "That store is different—not indifferent." A word of thanks now may save you many customers later. (No. 1 shown at left.)



### "Caution"

(Nos. 2-7-8): Visual warnings eliminate the "on-account" manner of payment and prevent pyramiding. This signal group has proved very effective in actual collecting and will cut your collection effort and expense. (No. 8 shown at right.)



### Others

**INACTIVE (No. 4):** Use with "no balance" statements or to illustrate promotional letters. (Shown at left.)

**STOP (No. 3):** For accounts placed on a cash basis. Encourages continued patronage as well as payment on the account. (Not shown.)

(All Stickers are actual size as shown and copyrighted by W. S. Shafer, Omaha, Neb. Packed in boxes of 100.)

### PRINTED IN 4 COLORS!

Printed in four colors, red, green, yellow and black—to simulate traffic signal colors.

(Order Now! Use them—And Watch Results!)

Special Price, \$3.50 per 1,000—Plus Postage. (Formerly \$5.45 per 1,000.) Order from Your Credit Bureau or—

NATIONAL RETAIL CREDIT ASSOCIATION  
1218 OLIVE STREET SAINT LOUIS, MO.

## A Realistic View of Business Conditions

(Continued from page 15.)

ness. It is this form of activity rather than storms of destructive criticism and ringing appeals to business men to fight, on which our hope for the future depends.

The situation has been well described by one member of the Council, Mr. D. M. Nelson of Sears, Roebuck and Company, in a talk given some two months ago. Referring to the relations of business with Government, Mr. Nelson said:

"Many business men think of government as a place where men sit around a table and devise plans for obstructing and harassing business, and many in Washington think of business as a closely knit conspiracy sitting around another table intent only on profit and amassing wealth as their one purpose in life.

"Of course, it goes without saying that both pictures are wrong and result only in still further increasing the breach between two points of view which should be pretty close together.

"I have never met an important official of the present administration who was not keenly interested in doing all he could to make the capitalistic system work in a democracy.

"On the other hand, I have not met any real business men who were not interested in the job of making more goods for more people—thereby increasing the standards of living and putting more people to work at the highest wage possible.

"You couldn't drive a very big team between these points of view, could you?"

With the assistance of the Business Advisory Council, the Department of Commerce is constantly seeking to develop services which will be useful to industry and trade. The requirements of business are changing, however, and we now appreciate more than ever before the value and necessity of research. The Department is adjusting itself to meet these needs. Typical of what we are referring to here is our statistical study of installment credit, a program in which you have a special interest.

From the low point in 1933, the trend of installment sales was upward until 1937. Last year four and three-fourths billion dollars in sales were made on this basis. Toward the end of last year, however, a sharp reversal of the upward trend occurred. Now it appears the aggregate volume of outstanding installment credit is being reduced materially. The volume of this credit and the rate with which it is changing have an important bearing on our whole economy. We know that a reduction in the aggregate amount is a deflationary factor in its effect on business.

When industrial activity is declining, a policy of restricting installment credit has a tendency to make the downward curve more abrupt. On the other hand, if installment credit policies are made more liberal during periods of business expansion, we artificially accelerate the movement upward. Here is a situation which I know you are studying carefully because some elements of it are open to question.

The importance of the whole range of subjects included in the field of industrial economics has recently been noted by the President in a message to Congress. The

Department is urging the necessity of devoting more detailed study to problems in this field.

Thus, we are cooperating with associations such as yours, in obtaining information which will aid both Government and industry. We need to know more about the tools of industry, trade and finance, and how they work in order to keep them running smoothly. Political leaders and business executives alike are all deeply concerned over the question of preserving and making workable our democratic system of free individual enterprise. The attention of our people has been focused upon those factors in our economic life which threaten that enterprise.

In a period of economic change, we need more men in business and in public life who have courage to face and not evade great issues. It is also equally important and deeply encouraging to those who have faith in American democracy that the leadership of such men is fortified and made fully effective by the understanding and support of thoughtful citizens.

## Report of the Finance Committee (Fiscal Year Ended May 31, 1938)

To the Officers, Directors, and Members of the  
National Retail Credit Association:

Your Finance Committee, appointed by President Ross for the fiscal year ended May 31, 1938, met immediately following the Convention at the Davenport Hotel, Spokane, Washington, on June 18, 1937.

Members present were B. F. Collins and Giles F. Foley, with President Ross and General Manager-Treasurer Crowder sitting in *ex officio*.

Guided by the experience of previous years and based on information furnished the Committee, together with the advice and recommendations of President Ross and General Manager-Treasurer Crowder, a budget was adopted providing for all of the activities of the Association for the fiscal year, and approved by your Board of Directors.

The budget adopted for the year anticipated receipts of \$74,000.00, whereas actual receipts were \$72,832.00. Expenditures were budgeted at \$72,900.00, whereas actual expenditures were \$67,348.00. There was cash on hand and on deposit in the bank on May 31, 1938, the sum of \$13,787.08, against \$11,181.52 at the close of the previous fiscal year, an increase of \$2,605.56.

*There is no unpaid indebtedness and the financial position throughout the year was such that all current indebtedness was paid in the month in which incurred.*

Your Committee has kept in close touch with the financial operations of the Association throughout the year. A meeting of the Finance Committee was held in St. Louis on February 18 and 19, 1938, with all of the members present, together with President Ross and General Manager-Treasurer Crowder. The operations of the Association for the year were reviewed and the office detail, billing, accounting, etc., appeared to be in excellent condition.

Your Committee authorized the employment of S. D. Leidesdorf & Co., certified public accountants, to conduct a semiannual cash audit of the Receipts and Disbursements. The report of the Audit for the six months' period ending November 30, 1937, was submitted to the Committee.

The excellent results obtained in the operations of the Association during the past year are in no small measure due to the wise counsel of President Ross, together with the cooperation of General Manager-Treasurer Crowder in adhering strictly to the budget as outlined for the year.

The Committee desires to express its appreciation and thanks to the Officers, Directors, and members, for the hearty support and cooperation accorded it and feels that with the continued cooperation of the entire organization, our Association will go forward to even greater success during the coming year.

Respectfully submitted,

B. F. COLLINS,  
G. A. LAWO,  
GILES F. FOLEY, *Chairman.*

June 8, 1938.

### The Importance of Obtaining a Complete Credit Report

(Continued from page 9.)

lar turnover is much greater and the charge customer is prone to excessive buying when conditions show signs of weakening.

The most important function of any credit office is the analysis of credit risks, and while other functions may not be seriously affected if poor risks are accepted and good risks declined, it is perfectly obvious that the absence of complete credit information from which to determine whether or not the applicant is entitled to the new account—in addition to those he already may have at the present time—presents a problem that cannot be successfully handled, although using all the ingenuity a credit sales manager may possess.

Increased activity in the field of installment credit brings into our stores a more diversified class of buyers, of varying positions in our economic structure—some whose incomes are small and whose capital is limited. With this lowering of the economic position of the buyer, it becomes even more urgent that we more carefully and completely conduct our investigation and guard against the weakening of this branch of retail credit. I am in accord with a liberal credit policy, but it has been our practice to look carefully into the ability of the individual to fulfill the contract.

People as a whole are more credit minded. They value their charge account. They no longer look with scorn upon installment or deferred payment purchasing. It is an accepted convenience which should continue to grow as merchants continue in their efforts to develop new avenues for this branch of credit sales volume.

The responsibility of the Credit Sales Manager is greatly increased with the diversification of buyers on credit. This responsibility is twofold for not only must we safeguard the interests of the corporations we serve, but it is our duty to protect the interests of our customer. To extend credit in greater proportions than the income and ability of our customer to pay will permit is wholly unsound, unreasonable and bordering on unfair practices.

We have read much of the "Hire Purchase Bill" in England and the various conditions and safeguards afforded the purchaser. Such a bill in America would

prove unprofitable and should be unnecessary if we, ourselves, safeguard these interests by an intelligent and complete investigation of each customer and determine beyond a question of doubt his ability and willingness to pay. This should and would decrease the repossession of mortgaged merchandise and likewise curtail our losses.

In the recent survey of retail credit conducted by our National Government we find that the larger stores have the smaller proportion of their dollar accounts delinquent six months or more, and their losses are comparatively lower. This I attribute to the fact that such stores more thoroughly conduct their credit investigations. No right thinking individual would hesitate to spend one dollar to safeguard one hundred. Just as business insists upon being adequately protected by all types of insurance, so the Credit Sales Manager must understand that the cost of detailed investigation is nothing more than a better class of insurance affording not only a greater amount of protection, but a greater opportunity to be of more complete service to the customer.

Never should we lose sight of the fact that merchants buy merchandise for resale and that—*while merchandise is really never sold until it is paid for*—it follows that a complete credit report makes your accounts receivable more liquid and the collection of the account, if opened, a much more simple procedure.

### Route of the 1939 "Convention Special"

(Continued from page 23.)

Salt Lake City will be reached early the third morning and here again there will be a stopover of several hours to permit delegates to visit the Mormon Temple and Tabernacle or enjoy a swim in the buoyant waters of Great Salt Lake. Leaving the Utah capital in mid-afternoon, on the Western Pacific, the Special Train will skirt the shores of Great Salt Lake and cross Bonneville Salt Flats, the world's greatest natural automobile speedway.

Daybreak of the fourth day will find the Convention Special in California, winding down the scenic Feather River Canyon through the Sierra Nevada range and within sight of Lassen Volcano. Emerging from the canyon, the train will pass down the Sacramento Valley through the "peach bowl of the world," Sacramento and Stockton, and will reach Oakland, across the bay from San Francisco, in mid-afternoon. A fitting climax to the journey will be the ferry trip across San Francisco Bay, past "Treasure Island," site of the Golden Gate International Exposition, and under the gigantic bay bridge, just as the sun is beginning to sink over the Golden Gate.

Delegates have a wide choice of routes returning home—up the coast to Portland and Seattle and east via Glacier or Yellowstone National Park, or down the coast to Los Angeles and San Diego and east via Grand Canyon or Zion National Park. Thus, attending the San Francisco convention offers Eastern members the opportunity of seeing the Exposition at San Francisco and making a grand circle trip of the United States at no additional expense for rail fare.

Illustrated literature describing the scenic country to be seen along the route of the Special Train can be obtained at travel offices of the Burlington, Denver & Rio Grande Western, or Western Pacific railroads.

# "The First Four Pages of Your Blue Book of Credit and Collection Letters Are Worth the Price I Paid for It!"



## Read This Letter From One of the 8,000 Users

Gentlemen:

With reference to the Blue Book of Credit and Collection Letters, which the writer purchased a short time back:

I am frank to say I think the introductory or first four pages of this book are worth the price I paid for it.

These pages contain good sound advice that is worth a great deal to anyone in credit work and more especially to those who are just starting out. If I were a beginner I would not be without this little book for twice the price.

*I think the letters are splendid and the whys and wherefores that go with them are so helpful I do not believe anyone in this line of work will ever regret the purchase of one.*

Yours very truly,  
L. F. Gibbs, Credit Mgr.  
M. Levy Co., Inc.  
Shreveport, La.

**T**HIS book, prepared especially for the members of this Association, contains tested, proved collection letters; letters to revive inactive accounts and letters to bring in new accounts; "skeleton" letter ideas that you can adapt to your own letters.

Letters for every credit and collection department need—33 of them—any one of them worth more than the special price we have made on this book.

"Good horse sense in every line of it," wrote one member. "Wonderful letters"; wrote another, "and worth plenty to retailers who will use them." Hundreds of letters complimenting the book have been received. Read the typical letter at the left.

A glance at the subtitles will give you an idea of its contents:

Make Your Letters More Effective—With the "You" Viewpoint

The Secret of Prompt Collections—Uniform Credit Procedure

Starting New Accounts Off Right (With a series of letters for use on new accounts)

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Letters That Build New Charge Account Business (Actual letters shown)

**SPECIAL PRICE \$1.00 POSTPAID**

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\$1.50 postpaid)

## National Retail Credit Association

1218 Olive Street

St. Louis, Missouri

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# NATIONAL RETAIL CREDIT ASSOCIATION

## \*Standing Committees for 1938-39

*[Committee members will be notified, in due course,  
of the functions and duties of their Committees.]*

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*Membership Committee will be an-  
nounced in September issue.*

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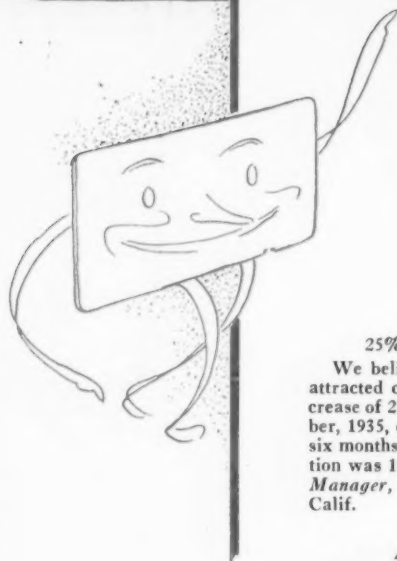
*\*In Addition to the Committees Shown on Inside Front Cover*

EXECUTIVE OFFICES

1218 OLIVE STREET

ST. LOUIS, MISSOURI

# SIMPLE RECIPE FOR more business



Stores are cashing in on Charga-Plate. Customers jump at its convenience and shop and spend more at the stores that have it. Moreover, since modernizing their charge systems with Charga-Plate, stores claim sharp reductions in authorization expenses, marked drops in frauds, no increases in "load-ups," and practically complete elimination of posting and delivery errors. More than seventy stores—over three million customers—now use Charga-Plate. And, week after week, newcomers are falling in line—getting ready for the fall and mid-winter rush.

## Read What Leading Stores Say:

### 25% INCREASE IN ACCOUNTS

We believe that the Charga-Plate has attracted customers, as we showed an increase of 25% on new accounts for December, 1935, over 1934. The average for the six months prior to Charga-Plate installation was 10%.—E. G. CASEY, *Credit Sales Manager*, Hale Brothers, Sacramento, Calif.

\*\*\*

### AMAZING 30-DAY TEST

We prepared a selected list of 1910 names for new charge business, sending each prospective customer a new Charga-Plate. A test made in January indicates that 597 accepted our invitation and have become charge customers. Total purchases on these new accounts amount to \$15,000.—S. H. PAYNE, *Credit Manager*, Wm. Hengerer Company, Buffalo, N. Y.

\*\*\*

### DEAD ACCOUNTS COME TO LIFE

We had numbers of inactive accounts reopened with requests for Charga-Plates.—G. H. GOLDSMITH, *Vice-President*, J. Goldsmith & Sons Company, Memphis, Tenn.

\*\*\*

### INACTIVE ACCOUNTS RECLAIMED

We have found Charga-Plate unparalleled in obtaining new charge account customers and reclaiming some of those inactive accounts we had lost.—E. F. CALLAWAY, *Manager Department of Accounts*, Pfeifer Bros., Inc., Little Rock, Ark.

### GOT GOOD PUBLICITY

It has now been five weeks since the last of the Charga-Plates were mailed, and we figure that, in that five weeks, we have had more people in Milwaukee talking about our store than we ever had in our history. That alone has been worth a price that cannot be estimated in dollars and cents.—ERWIN KANT, *Credit Manager*, Schuster's, Milwaukee, Wis.

\*\*\*

### MORE AUTHORIZED BUYERS

We sent along with the Plates a card which the customers signed and returned to us if they wanted Plates issued to other members of their families or friends. This procedure easily revised our authorized buyer list, and added more authorized buyers as well.—H. J. BURRIS, *Manager Monthly Credit Accounts*, John Taylor Dry Goods Company, Kansas City, Mo.

\*\*\*

### BUILDS GOOD WILL

Customer carriage is up 70 per cent. It has been a tremendous good will builder, and it is valued by the customers in almost every instance.—G. C. PAGE, *Treasurer*, Harry S. Manchester, Inc., Madison, Wis.

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### REGULAR STAFF HANDLES CHRISTMAS RUSH

Our charge authorization during the Christmas season was accomplished without adding the usual two to four extra people to the regular staff of one.—I. C. HANSON, *Controller*, Robertson Bros. Department Store, South Bend, Ind.

## IT'S CHARGA-PLATE FOR '38

FARRINGTON MFG. COMPANY—Boston, Massachusetts

